

February 16, 2021

The Honorable Bill Ferguson
President, Maryland Senate
H-107, State House
100 State Circle
Annapolis, MD 21401-1991

The Honorable Adrienne Jones
Speaker, Maryland House of Delegates
H-101, State House
100 State Circle
Annapolis, Maryland 21401-1991

RE: The Task Force on the Economic Future of Western Maryland – Interim Report

Dear President Ferguson and Speaker Jones:

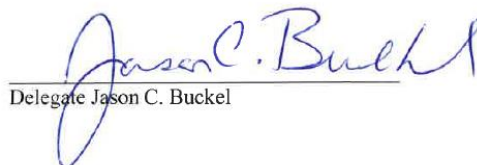
Pursuant to Chapter 207, Laws of 2020, we are pleased to submit the Task Force on the Economic Future of Western Maryland's interim report covering the economic conditions in the region and recommendations regarding ways to improve different aspects of the region's economy.

We look forward to your review of this report and will be available to furnish any additional information that is needed. If we or other task force members can be of further assistance, or if you have any questions regarding the report, please contact us.

Sincerely,



Senator George Edwards
Co-Chair
Task Force on the Economic Future of
Western Maryland


Delegate Jason C. Buckel

Delegate Jason Buckel
Co-Chair
Task Force on the Economic Future of
Western Maryland

cc: Members, Task Force on the Economic Future of Western Maryland

Enclosure

MEMORANDUM

TO: The Honorable Larry Hogan
Governor

FROM: Senator George Edwards
Co-Chair

Delegate Jason Buckel
Co-Chair

THRU: Allison Mayer
Deputy Chief of Staff, Governor's Office

DATE: February 16, 2021

SUBJECT: The Task Force on the Economic Future of Western Maryland – Interim Report

Pursuant to Chapter 207, Laws of 2020, we are pleased to submit the Task Force on the Economic Future of Western Maryland's interim report covering the economic conditions in the region and recommendations regarding ways to improve different aspects of the region's economy.

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Attachment



TASK FORCE ON THE ECONOMIC FUTURE OF WESTERN MARYLAND

INTERIM REPORT

Pursuant to Chapter 207, Laws of 2020

Respectfully submitted to the General Assembly of Maryland by

Senator George Edwards, Co-chair
Delegate Jason Buckel, Co-chair
Task Force on the Economic Future of Western Maryland

February 2021



OPEN *for* Business





Task Force on the Economic Future of Western Maryland Interim Report

Membership Roster

Senator George Edwards, Co-Chair
Delegate Jason Buckel, Co-Chair

TEDCO

Jody Sprinkle, Director, Government Relations

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Tri-County Council for Western Maryland

Jake Shade, Allegany County Commissioner and TCCWM Board Member

Allegany County Chamber of Commerce

Stu Czapski, Executive Director (*Member until January 29, 2021*)

Juli McCoy, Executive Director (*Member from January 29, 2021 – Present*)

Garrett County Chamber of Commerce

Nicole Christian, President and CEO

Washington County Chamber of Commerce

Paul Frey, President and CEO

Maryland Department of Commerce

Andrew Sargent, Senior Business Development Representative, Western MD

Staff

Michael Siers, Economist, Maryland Department of Commerce



Task Force on the Economic Future of Western Maryland Interim Report

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Task Force on the Economic Future of Western Maryland Interim Report

1.0 Executive Summary

The Task Force on the Economic Future of Western Maryland was formed through Chapter 207 of the 2020 Maryland laws (originally submitted as HB 436).¹ The task force has two primary objectives:

1. To study the current economic conditions in Western Maryland and
2. Make recommendations regarding potential methods for improving the region's economy.

Western Maryland's economy currently sits at a crossroads. The region has seen decreasing population and economic dynamism. However, private employment in the region is still increasing and the region has concentrations in a number of key industries that can serve as a strong foundation to grow the region's economy in the future.

Task force members developed and approved 14 initial recommendations which aim to improve different aspects of the region's economy. These initial recommendations, many of which require the support of legislators during the 2021 legislative session, are discussed in greater detail in Section 4 of this report and are as follows:

- 1) Create the Western Maryland Economic Future Investment Fund (WMEFIF).**
 - a. The task force recommends that legislation be introduced to create the WMEFIF, a five-year pilot program designed to increase investment and economic activity in the region. The WMEFIF would be funded at \$20 million each year and funds would go towards critical infrastructure and business development projects with matching funds from local entities. The WMEFIF would be overseen by a board comprised of representatives from the region and the Maryland Department of Commerce.
- 2) Expand the Maryland Innovation Initiative (MII) through a pilot program at Frostburg State University.**
 - a. The task force recommends that legislation be introduced to establish a pilot program expanding MII at Frostburg State University (FSU). The pilot program would be funded at \$500,000 in fiscal year (FY) 2023 and 2024 with a matching contribution from FSU.
- 3) Extend mandated funding for the Maryland E-Innovation Initiative Fund (MEIF) and revise matching requirements for smaller institutions.**
 - a. The task force recommends that legislation be introduced to extend mandated funding of MEIF beyond FY 2021. If legislation to extend mandated funding is introduced, the task force recommends that legislation be amended so that institutions with an annual unrestricted current funds budget of less than \$250 million only need to obtain a qualifying donation, pledge, or combination of donations and pledges of \$200,000 instead of the current level of \$500,000.

¹ The text of the statute establishing the task force is in Appendix A and is also located at: http://mgaleg.maryland.gov/2020RS/Chapters_noIn/CH_207_hb0436t.pdf



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- 4) Develop Public-Private Partnerships on State-owned land.**
 - a. The Task Force on the Economic Future of Western Maryland recommends that the Maryland Department of Natural Resources (DNR) explore a public-private partnership within one of Western Maryland's parks or campgrounds. Through this partnership, DNR would lease one property to a private partner. The private partner would operate, maintain, and expand existing facilities at the property with the approval of DNR.
- 5) Turn State-owned land over to counties for economic development.**
 - a. The Task Force on the Economic Future of Western Maryland recommends that the State of Maryland work with each county in the region to identify key parcels of land that counties can use for critical business development projects. For these parcels, the task force recommends that the state and counties identify ways for this land to be turned over to the counties.
- 6) Allocate Additional Funding to Maintain State-Owned Lakes.**
 - a. The State of Maryland owns 16 lakes, many of which are located in Western Maryland. These lakes are economic engines for the surrounding areas. The Task Force on the Economic Future of Western Maryland recommends that the Governor add an additional line item of \$3 million per year to the Maryland Department of Natural Resources' budget in order to maintain state-owned lakes.
- 7) Support enactment of the Maryland Technology Infrastructure Pilot Program**
 - a. The Task Force on the Economic Future of Western Maryland recommends that legislation be passed to establish a pilot program within TEDCO to:
 - i. support the region's innovation economy by incentivizing the development of advanced industry infrastructure and
 - ii. support the growth, attraction, and retention of early-stage innovation-based businesses in Western Maryland.
- 8) Provide funding for TEDCO's Rural Business Innovation Initiative (RBII)**
 - a. The Task Force on the Economic Future of Western Maryland recommends that the Governor include an appropriation of \$500,000 to fund the RBII, and that this funding be used to supplement, not supplant existing TEDCO funding.
- 9) Support Tax Credits and Programs Designed to Allow Maryland's Tourism Industry to Recover from COVID-19**
 - a. The Task Force on the Economic Future of Western Maryland supports the following legislation and recommends both items be passed during the 2021 legislative session:
 - i. SB 64 - Unemployment Insurance - Earned Rating Record - Waiver of Benefit Charges Due to COVID-19 - to ensure unemployment insurance rates do not rise for companies that were forced to layoff workers during the pandemic and



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- ii. Legislation to enact the 'Explore Maryland Tax Credit,' which would incentivize more Maryland residents to travel and support businesses hardest hit during the current economic downturn.

10) Support Tax Credits That Encourage Additional Market-Rate Housing in Western Maryland

- a. The Task Force on the Economic Future of Western Maryland recommends that the Governor establish tax credits that would incentivize the construction or renovation of properties to increase the supply of market-rate housing in Western Maryland.

11) Support Small Business Participation in Association Health Plans

- a. The Task Force on the Economic Future of Western Maryland notes that legislation has been submitted during prior legislative sessions to amend the Maryland Healthcare Access Act of 2018 to remove language prohibiting small businesses from including their owners, employees, and family as part of the larger pool of employees in an Association Health Plan. If legislation on this topic is introduced during the 2021 legislative session, the Task Force on the Economic Future of Western Maryland recommends that it be passed.

12) Redefine the meaning of Qualifying Biomass and a Thermal Biomass System

- a. The Task Force on the Economic Future of Western Maryland supports efforts to amend that Maryland's Renewable Portfolio Standard (RPS) so that:
 - i. The definition of 'qualifying biomass' is updated to include wood products, including mill residues, silvicultural products, and natural wood wastes.
 - ii. The definition of a 'thermal biomass system' be updated to include qualifying biomass.

13) Encourage the State of Maryland to Identify Priority Trail System Opportunities for Advancement in Western Maryland

- a. The Task Force on the Economic Future of Western Maryland recommends that the Maryland Department of Natural Resources, the Maryland Department of Transportation, and the Maryland Department of Commerce work closely with each county in the region to identify priority trail systems to create or to enhance. To the extent that counties already have identified key projects, the task force recommends that Maryland's state agencies work aggressively to ensure projects are completed.

14) Extend the Activities of the Task Force on the Economic Future of Western Maryland

- a. The Task Force on the Economic Future of Western Maryland recommends legislation be introduced to extend the Task Force on the Economic Future of Western Maryland through October 1, 2021



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2.0 Introduction

The Task Force on the Economic Future of Western Maryland was formed through Chapter 207 of the 2020 Maryland laws (originally submitted as HB 436).² The task force has two primary objectives:

1. To study the current economic conditions in Western Maryland and
2. Make recommendations regarding potential methods for improving the region's economy.

While recommendations are not prescribed in the statute establishing the task force, suggested areas of focus include:

1. Opportunities to expand economic activity in technology-based industry,
2. Opportunities to strengthen tourism-related businesses in the region, and
3. Strategies to overcome barriers to the creation and expansion of new small businesses in the region.

The task force contains eleven members drawn from a number of key stakeholder groups in the region. The task force met seven times to discuss the economic conditions in Western Maryland, the ongoing efforts of state agencies and other organizations in the region, and initial recommendations as contained in this interim report. The task force met on:

- September 23, 2020;
- October 26, 2020;
- November 16, 2020;
- December 14, 2020;
- December 22, 2020;
- January 7, 2021; and
- January 20, 2021.

All meetings were open to the public and members of the public had the opportunity to comment at the end of each meeting. During the meetings, task force members heard from representatives of state agencies, including the Maryland Department of Commerce, the Maryland Department of Natural Resources, the Department of Housing and Community Development, and the Maryland Department of Transportation. Beginning with the December 14 meeting, the task force discussed specific recommendations to improve economic vitality in the region. From the initial list of recommendations, task force members finalized a list of 14 initial recommendations which are discussed in detail in Section 4 of this report. These recommendations are not the only possible measures that could lead to improved economic outcomes in the region. Recognizing this, task force members will continue to meet throughout the spring and summer of 2021 in order to prepare a final set of recommendations and to hear from additional stakeholders in the region.

² The text of the statute establishing the task force is in Appendix A and is also located at: http://mgaleg.maryland.gov/2020RS/Chapters_noIn/CH_207_hb0436t.pdf



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The remainder of this interim report is set up as follows:

- Section 3 presents data on Western Maryland’s economy,
- Section 4 contains initial recommendations voted on and approved by the task force,
- Section 5 concludes the interim report
- Appendix A contains the full text of the statute establishing the task force, and
- Appendix B contains all meeting minutes as voted on and approved by the task force.

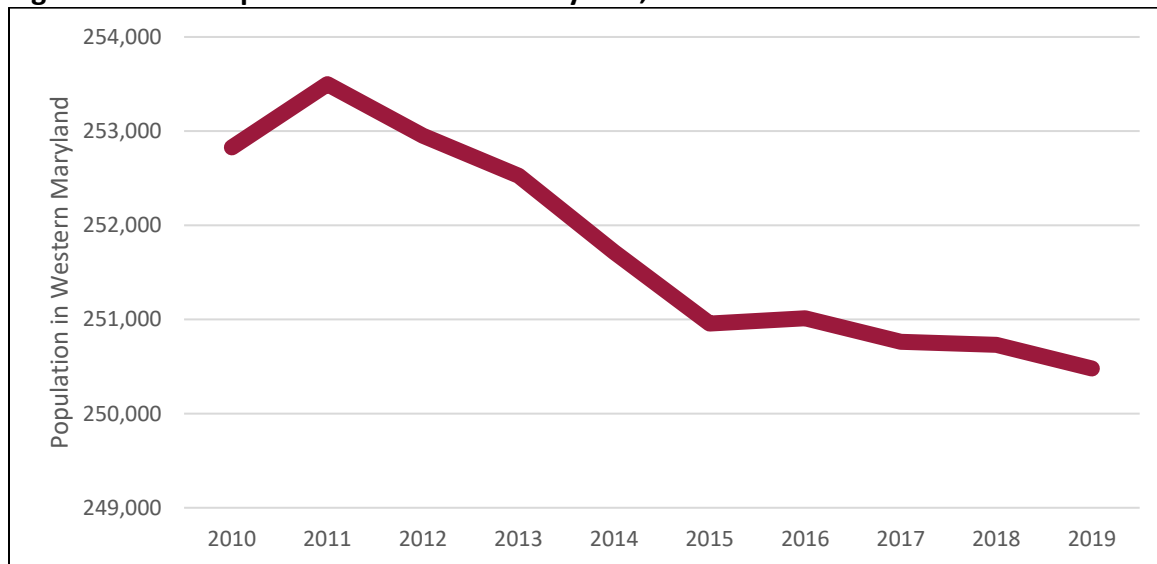
3.0 Economic and Demographic Overview of Western Maryland

During the initial meetings of the task force on September 23 and October 16, 2020, the task force discussed economic and demographic data pertaining to Western Maryland. Despite Maryland’s small size, each region of the state is unique, and Western Maryland is no exception. Western Maryland’s economy has traditionally relied on different industries than the state as a whole, and it has experienced different trends in its population, workforce, and business climate. Therefore, relying on a one-size-fits-all approach to the region will likely not lead to desirable economic outcomes.

3.1 Western Maryland’s Population

Western Maryland’s population has slowly but steadily declined over the past ten years. As shown in Figure 1, the region’s population in 2010 was nearly 253,000. However, by 2019, the region’s population stood at 250,479, a loss of 2,348 residents.

Figure 1: Total Population in Western Maryland, 2010 - 2019



Source: US Census

Although Western Maryland’s population decrease has been slight (total population has declined by 0.9 percent between 2010 and 2019), the region is trending in the opposite



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direction of the state which grew by 4.4 percent during the past decade. As Figure 2 illustrates, the three counties in Western Maryland have experienced different growth rates.

Figure 2: Population Change in Western Maryland by County, 2010 – 2019

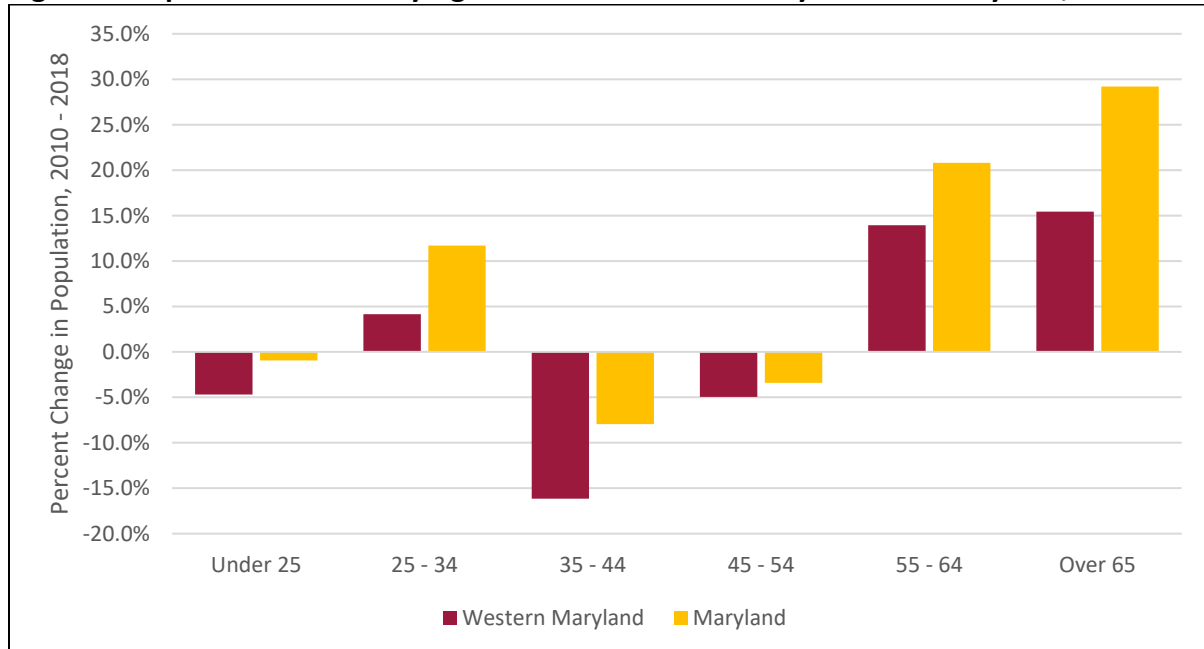
Area	Change in Population 2010 - 2019	Percent Change in Population 2010 - 2019
Allegany County	-4,549	-6.1%
Garrett County	-1,127	-3.7%
Washington County	3,328	2.3%
Western Maryland	-2,348	-0.9%
Maryland	257,035	4.4%

Source: US Census

Despite the region’s overall growth being negative, Washington County added over 3,000 residents during the past decade for a growth rate of 2.3 percent. While positive, this growth rate is nearly half of the state’s rate during the same time period. In contrast, Garrett County and Allegany counties had negative growth, with Allegany County losing over 4,500 residents, a growth rate of negative 6.1 percent.

Additionally, Western Maryland’s population growth lags the state for every broad age cohort, as shown in Figure 3 below.

Figure 3: Population Growth by Age Cohort in Western Maryland and Maryland, 2010 – 2018



Source: American Community Survey



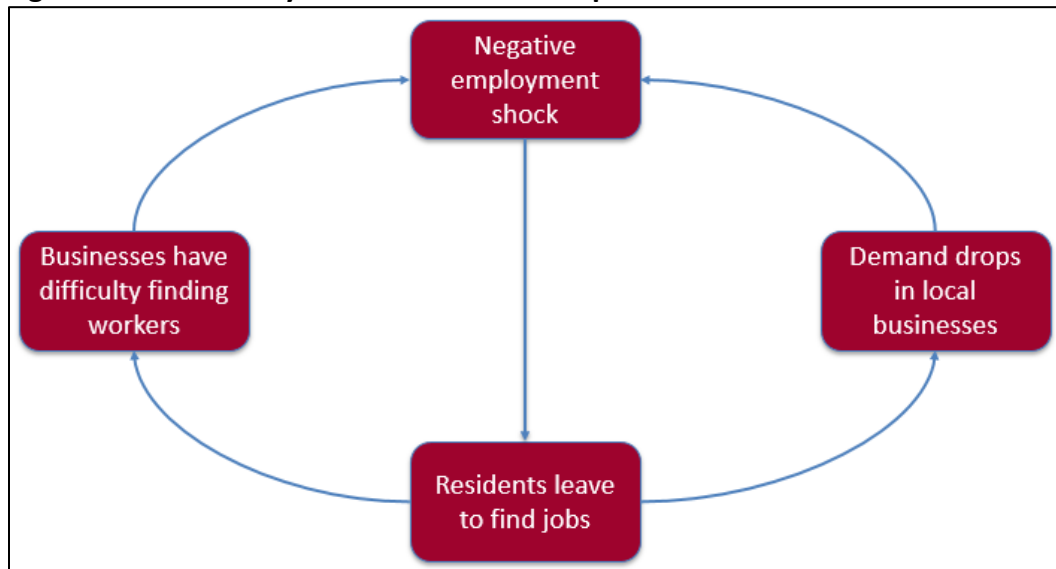
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Figure 3 presents two worrying trends for Western Maryland’s economic future. First, population growth is weakest among those between the ages of 35 and 44. Between 2010 and 2018, the number of residents in this cohort declined by 16.2 percent according to data from the US Census’ American Community Survey (ACS). These residents are critical to staffing local businesses and a shrinking share of this age cohort will make it harder to attract and retain employers. Additionally, the population that is growing fastest in Western Maryland is over the age of 65. Population in this cohort grew by 15.4 percent between 2010 and 2018, lower than the state’s growth rate of 29.2 percent. A shrinking population where the balance is shifting away from prime-age workers and towards retirees is a difficult economic headwind for the region.

The region has experienced an increase in the number of younger workforce-aged residents (those between the ages of 25 and 34). The population of this cohort increased by 4.2 percent in the three counties between 2010 and 2018. Continuing to attract and then retain these residents can help increase the region’s available workforce, making it more attractive for businesses looking to locate in Garrett, Allegany, or Washington counties.

Population is an important indicator in determining a region’s economic vitality, which is why a shrinking population in Western Maryland is cause for concern. As shown in Figure 4, negative shocks to employment and population can result in a negative feedback loop through two, related channels.

Figure 4: Economic Dynamism Feedback Loop



As displayed in Figure 4, a drop in population (as represented in the box in the center-bottom of the figure) can impact the region in two primary channels:

- 1) Local businesses in the area find it more difficult to attract qualified workers to fill vacancies and



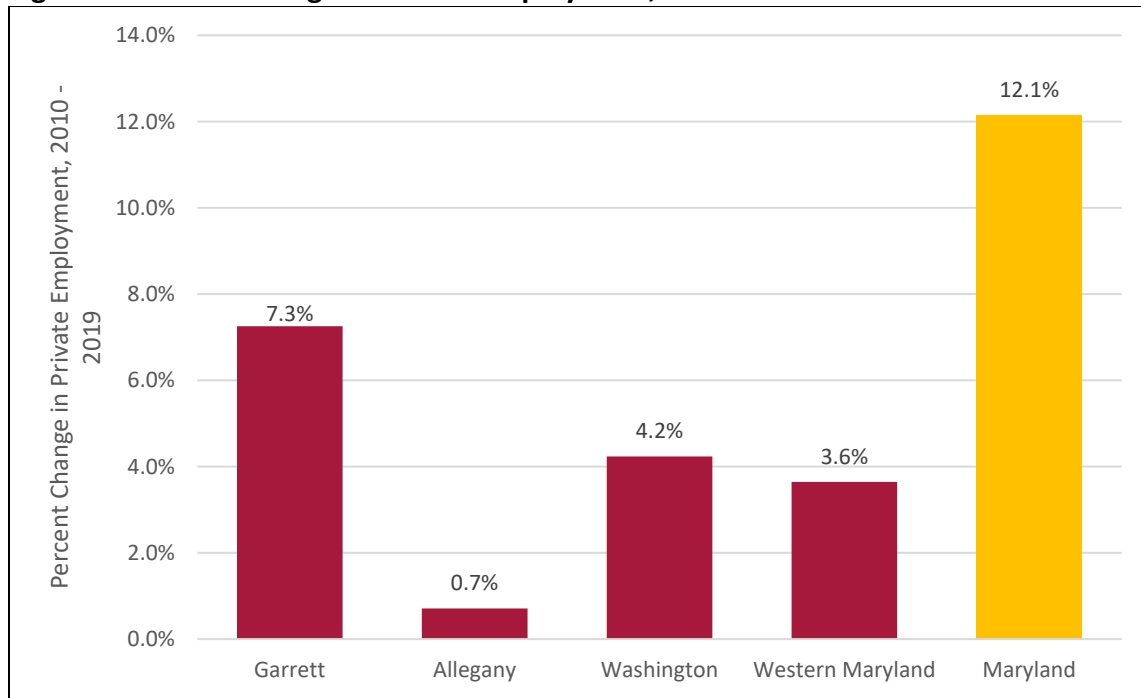
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- 2) Demand for goods and services in local businesses falls.

Each of these negative impacts in turn is likely to lead to further negative employment outcomes in the region. If a business has difficulty finding workers, it may be forced to leave the region and locate in another part of the state (or another state altogether) where an adequate supply of workers exists. Additionally, demand shocks can lead to negative employment outcomes. As residents leave an area, in many cases they take their purchasing power with them. This could mean fewer purchases at local businesses, including grocery stores, retail stores, restaurants, healthcare offices, and other businesses that rely on local residents. Reduced purchases and sales activity correspond to layoffs and, if demand falls enough, business closures.

Negative employment outcomes can result in a feedback loop because recently unemployed residents may leave in search of better employment opportunities. Feedback loops can be difficult to break; therefore, monitoring population and employment for signs of distress is critical to ensure that policy makers can act quickly to reverse negative outcomes. Fortunately, as Figure 5 shows, while Western Maryland has seen a slight decrease in total population, employment has risen in each of the three counties in the region, albeit at a slower pace than the state as a whole.

Figure 5: Percent Change in Private Employment, 2010 – 2019



Source: Bureau of Labor Statistics



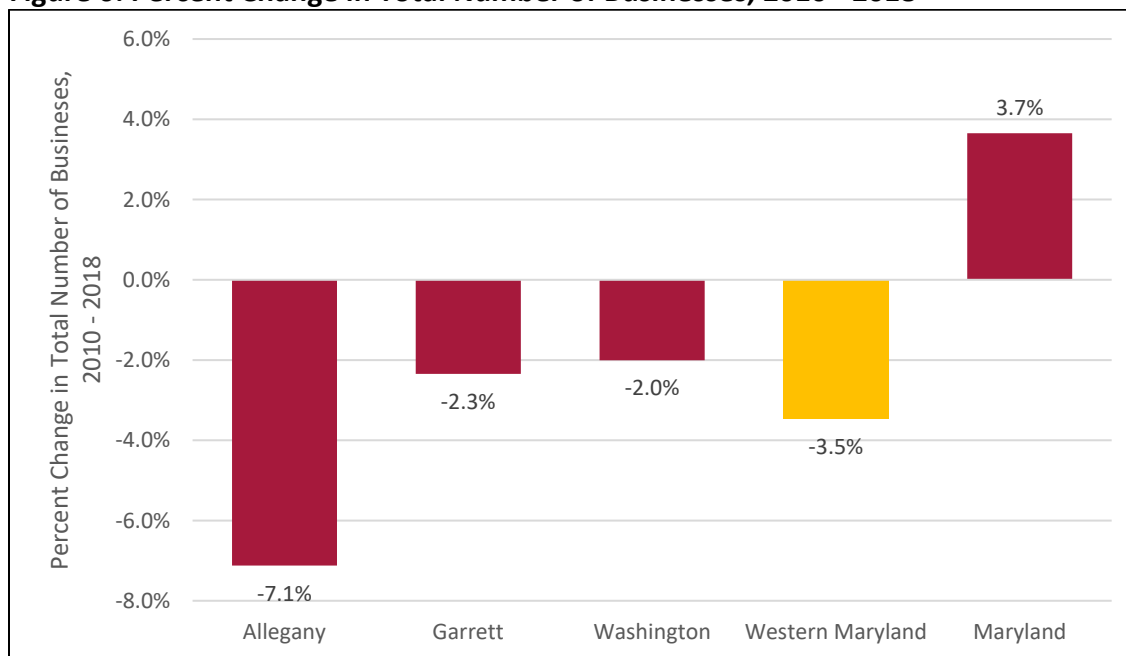
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The increase in employment while population falls signals that the region is attracting workers who live outside the region.³ Finding ways to entice these workers to move to the area is essential to reversing the declines in population and further reducing the risks of a negative economic feedback loop impacting dynamism in the region.

3.2 Economic Dynamism in Western Maryland

Economic dynamism is an important characteristic of a thriving economy. New firms entering the market bring increased opportunities for growth and innovation. As these businesses succeed and expand, they serve as key drivers of employment growth. Efforts to increase economic dynamism in Western Maryland ensure that the economy will grow into the future. There are a number of ways to measure economic dynamism within a region; the simplest of which is to track the number of businesses over time in a region. As Figure 6 shows, the number of businesses has shrunk in Western Maryland in recent years, even while the total number of businesses in Maryland has increased.

Figure 6: Percent Change in Total Number of Businesses, 2010 - 2018



Source: US Census County Business Patterns

The steepest decline in the total number of establishments comes in Allegany County, where the total number of businesses dropped by 7.1 percent between 2010 and 2018. However, each of the three counties in Western Maryland experienced a drop in the total number of businesses. As noted previously in Figure 5, total private employment in the region has increased, which indicates that employment is becoming increasingly concentrated in larger

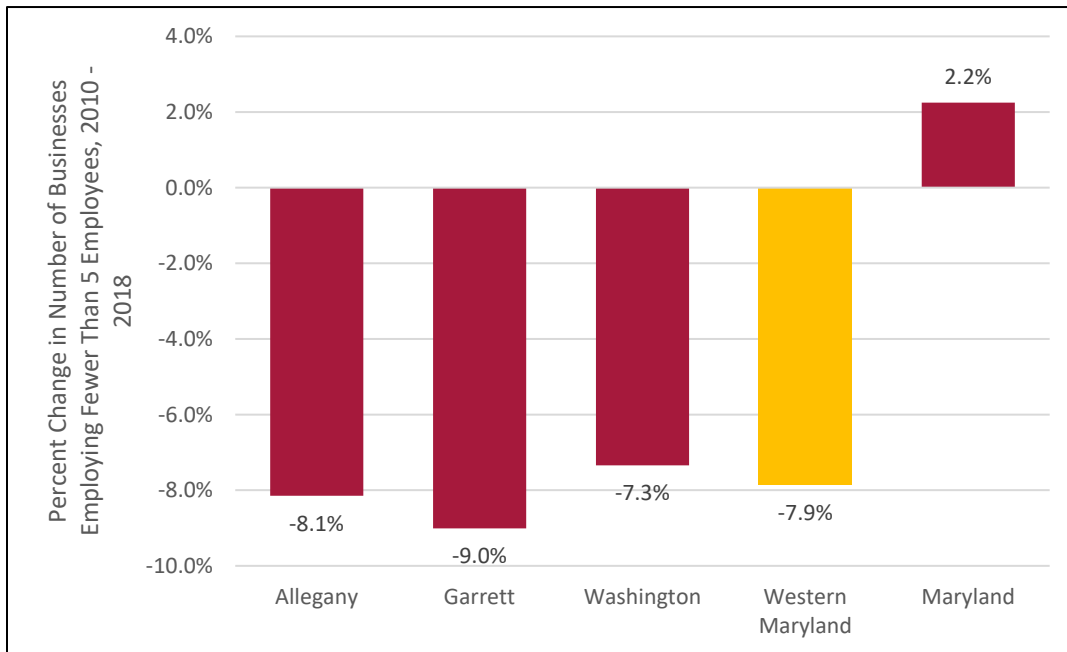
³ While an increase in the region's labor force participation rate can account for some of the increase, it is not enough to fully account for the difference between population and employment growth.



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businesses. This trend is further illustrated in Figure 7 which shows how the total number of businesses with fewer than five employees has changed between 2010 and 2018.

Figure 7: Percent Change in Number of Businesses Employing Fewer Than Five Employees, 2010 - 2018



Source: US Census County Business Patterns

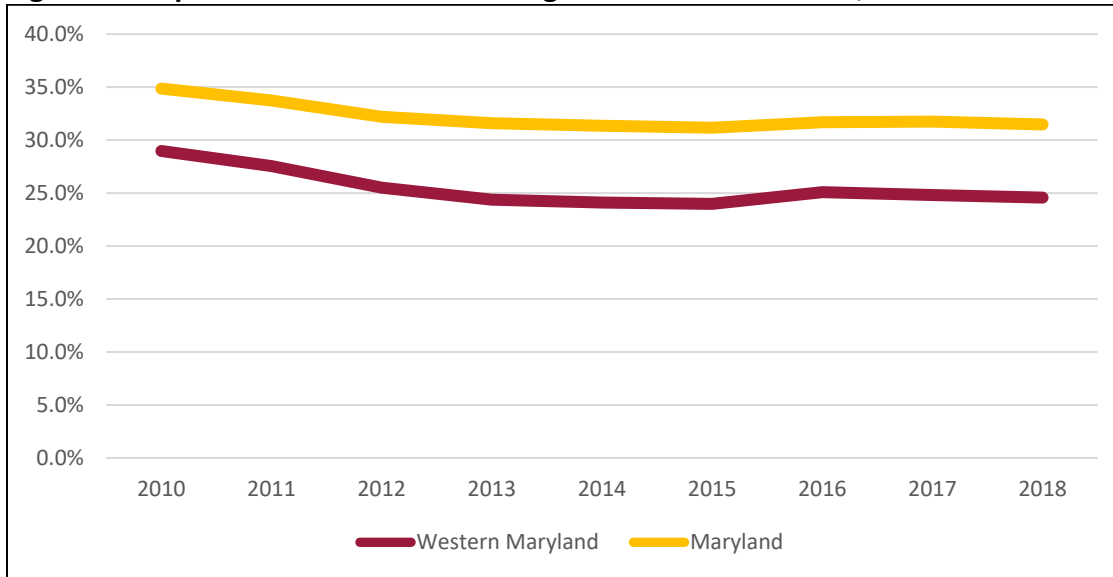
As seen in Figure 7, the number of businesses with fewer than five employees fell by 7.9 percent in Western Maryland between 2010 and 2018. In contrast, the number of businesses employing fewer than five employees grew by 2.2 percent statewide during that same timeframe. The growth in small businesses statewide lagged the growth in total businesses, indicating that smaller businesses made up a smaller percentage of total businesses in 2018 than in 2010.

Another way to conceptualize economic dynamism is by examining the number of businesses by age cohort. Figure 8 illustrates how the proportion of younger businesses (establishments aged five or fewer years) has changed in Western Maryland and statewide between 2010 and 2018. In both Western Maryland and the state as a whole young businesses made up a smaller percentage of total businesses in 2018 as compared to 2010. Although the proportion is smaller in Western Maryland than statewide, the trend over time is similar for the two regions.



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Figure 8: Proportion of Establishments Aged Five or Fewer Years, 2010 – 2018



Source: US Census Business Dynamics Statistics

When considering strategies for economic development in Western Maryland, policy proposals that encourage the formation and success of new and small businesses can help increase economic dynamism in the region to more closely align with statewide levels.

3.3 Western Maryland's Key Economic Clusters

Western Maryland's economic future depends in part on the industries currently present in the region. These industries indicate the region's competitive advantages and what avenues for growth may exist. These industries also reflect the skills and qualifications of the region's workforce and provide insight for policymakers as to how prepared the workforce is to power target industries of the future.

There are a number of ways to examine the industries present in an area and how concentrated those industries are in a certain area. This report uses industry clusters developed and defined through the US Cluster Mapping Project, a collaboration of the Harvard Business School, US Department of Commerce, and the US Economic Development Administration.⁴ Industry clusters use granular industries as defined by six-digit NAICS (North American Industrial Classification System) codes and then group related industries together into subclusters. These subclusters can in turn be aggregated into clusters. Industry clusters differ from higher-level aggregations of NAICS codes (e.g., examining 3- or 4-digit NAICS codes). Industry clusters have two advantages over simply considering NAICS codes:

1. Industry clusters are defined so as to separate 'local' and 'traded' industries. Generally, local industries sell their goods locally while traded industries sell their goods outside the target region.

⁴ More detail on the US Cluster Mapping Project may be found at: <http://clustermapping.us/>



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- Industries within a cluster are grouped together by how often industries generally locate near each other, how much they rely on similar occupations, and the use of goods and services from other industries in the cluster as inputs in their processes.

To measure how concentrated an industry cluster is in Western Maryland, this analysis makes use of location quotients. Location quotients are a simple ratio that measure the percent of a region's employment in an industry relative to the percent of a comparison region's employment in that industry. The value of the location quotient then informs how concentrated an industry is in the region:

- If the location quotient is greater than one, the industry is **more concentrated** in the target region than in the comparison region;
- If the location quotient equals one, the industry is **as concentrated** in the target region as in the comparison region; and
- If the location quotient is less than one, the industry is **less concentrated** in the target region than in the comparison region.

Due to normal variations, it is rare that a location quotient is equal to exactly one. Therefore, location quotients above 1.2 generally indicate a higher level of concentration than might otherwise be expected. Industries with a location quotient of above 1.2 generally indicate that the region has a competitive advantage for that industry, and signal the need to do further analysis to understand how to use that industry to position the region.

Figure 9 presents the ten industry clusters in Western Maryland with the highest location quotient relative to the nation as a whole. That is, these clusters are more heavily concentrated in Western Maryland than we would expect given national employment patterns.

Figure 9: Top Ten Western Maryland Industry Clusters by Location Quotient, 2019

Cluster Name	Average Annual Employment	US Based Location Quotient	Average Wage
Recreational and Small Electric Goods	819	6.42	\$40,386
Coal Mining	247	6.31	\$78,811
Furniture	1,131	4.22	\$38,797
Production Technology and Heavy Machinery	1,926	2.78	\$77,226
Local Logistical Services	4,651	2.48	\$44,397
Paper and Packaging	524	2.02	\$92,692
Financial Services	2,724	1.93	\$64,520
Printing Services	583	1.88	\$54,107
Apparel	160	1.72	\$31,787
Textile Manufacturing	229	1.63	\$46,773

Sources: Bureau of Labor Statistics, US Cluster Mapping Project



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As seen in Figure 9, the top ten clusters in Western Maryland showcase the region’s strengths. Many of the sectors relate back to manufacturing. Manufacturing is a target industry in each of the county’s economic development plans, and the table above provides a number of key specializations within the broader definition. Figure 9 also illustrates the importance of logistics and finance, two areas of strategic focus for Washington County.

The statute establishing the task force (the full text of the statute is located in Appendix A) identifies a number of key areas of focus. Figure 10 presents the clusters identified in the statute along with current employment, the current location quotient for the cluster, and the average wage.

Figure 10: Key Statistics for Industry Clusters Outlined in Statute Establishing Task Force, 2019

Cluster Name	Average Annual Employment	Location Quotient	Average Wage
Production Technology and Heavy Machinery	1,926	2.78	\$77,226
Local Logistical Services	4,651	2.48	\$44,397
Electric Power Generation and Transmission	158	1.29	\$100,774
Hospitality and Tourism	2,212	0.94	\$21,733
Distribution and Electronic Commerce	3,476	0.81	\$42,965
Transportation and Logistics	861	0.67	\$46,467
Aerospace Vehicles and Defense	260	0.55	\$113,655
Business Services	3,218	0.49	\$57,309
Information Technology and Analytical Instruments	157	0.16	\$47,799
Biopharmaceuticals	4	0.02	\$3,747

Sources: Bureau of Labor Statistics, US Cluster Mapping Project

As shown in Figure 10, the industries identified in the statute represent both established strengths of the region and the region’s aspirations. Three clusters have a location quotient above 1.2 and signal a competitive advantage. Two clusters have location quotients in line with national averages (location quotient between 0.8 and 1.2), while five clusters are less concentrated in the region than national employment patterns might suggest. It is important to note that these location quotients are not equal in each of the three counties. For example, employment in Hospitality and Tourism is more concentrated in Garrett and Allegany counties than in Washington County. It is important to consider county-specific trends and employment patterns even when focusing on the economic outlook of the entire region.

3.4 Western Maryland’s Economy During COVID-19

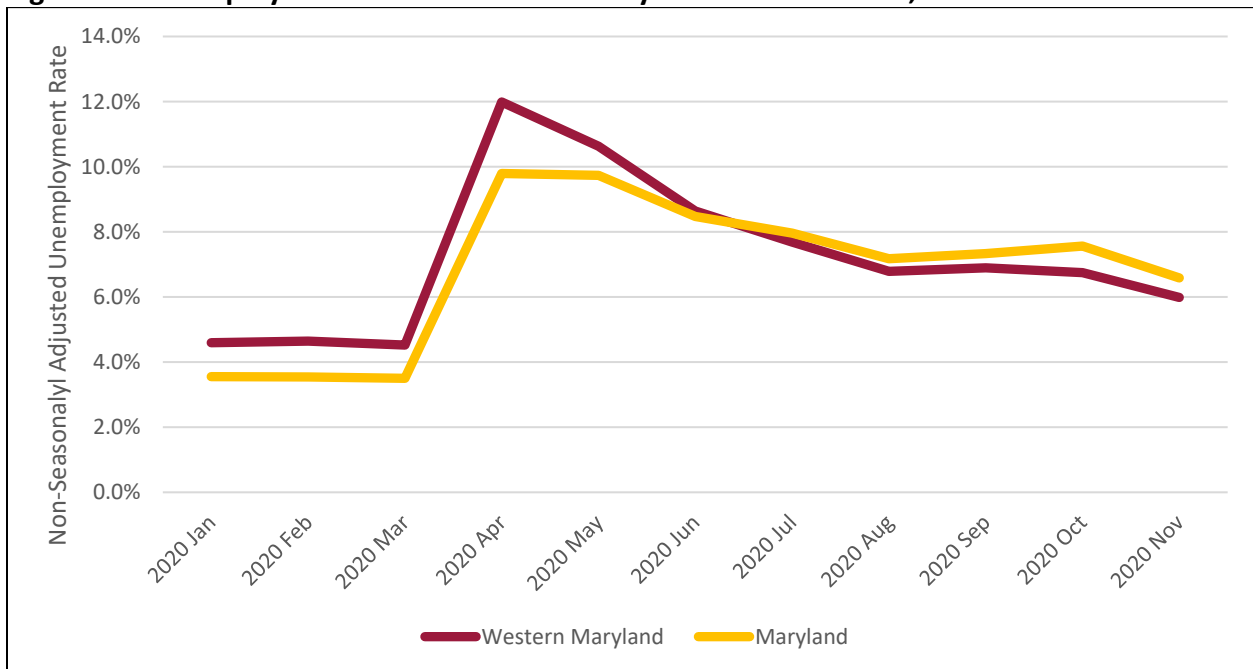
COVID-19 has disrupted Maryland’s economy in an unprecedented fashion, and Western Maryland is no exception. As shown in Figure 11, Western Maryland’s non-seasonally adjusted unemployment rate spiked to 12.0 percent in April 2020, above the statewide level of 9.8



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percent. Historically, Western Maryland's unemployment is above the statewide rate, though the gap between the region's rate and the state's rate in April was larger than normal. By July 2020 this pattern had shifted and Western Maryland's unemployment rate was below the statewide average. As of November 2020, Western Maryland's non-seasonally adjusted unemployment rate was 6.0 percent while the statewide unemployment rate was 6.6 percent.

Figure 11: Unemployment Rate in Western Maryland and Statewide, 2020



Source: Bureau of Labor Statistics

Over the past year, COVID-19 has led to a number of changes to how companies do business, and many of these changes are likely to persist. One such trend is the increase in remote work. As COVID-19 spread across the country in the spring of 2020, many companies switched to operating remotely. While these initial work arrangements were not initially intended to be permanent, there is a growing consensus that the number of workers teleworking will remain elevated after the pandemic. This raises two important questions for Western Maryland:

- 1) What proportion of workers are eligible to work remotely in the region?
- 2) What implications does the increased prevalence of remote work have for future growth in the region?

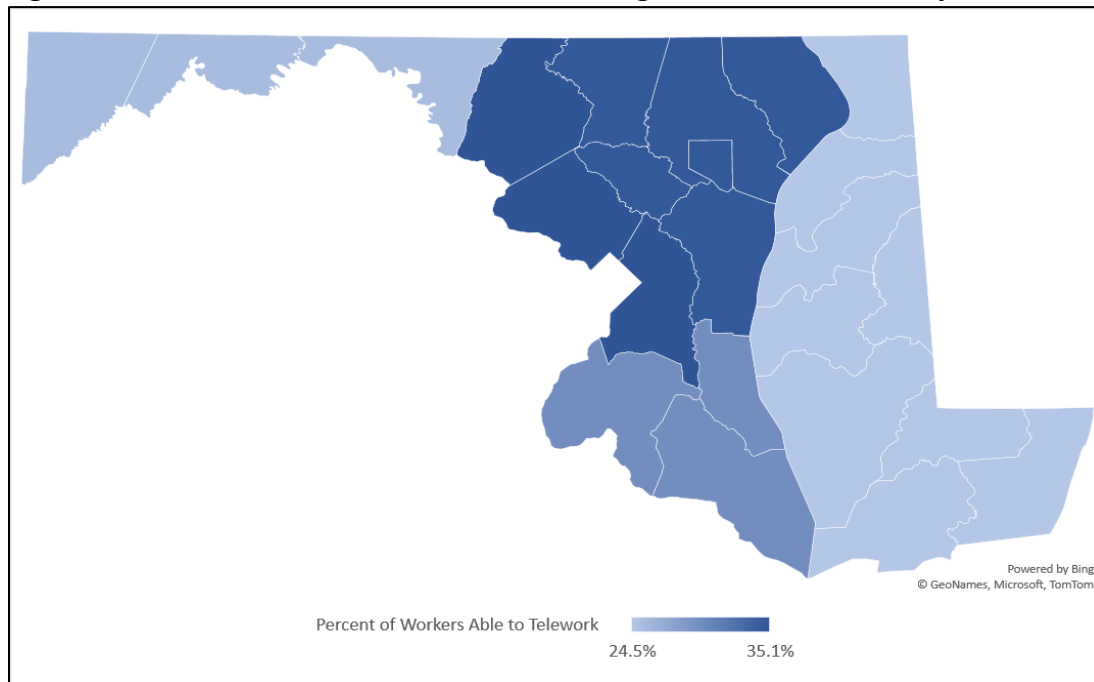
The proportion of workers eligible to telework varies across the state. In Central Maryland and the suburbs of Washington DC, a large number of jobs in the Professional, Scientific, and Technical Services industry means more workers can work from home. However, employment in Western Maryland is more concentrated in industries such as manufacturing, tourism, or natural resources that cannot be done remotely. This is part of why the region's unemployment rate was higher than the state's rate in April and May, as shown in Figure 11. Figure 12



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illustrates how the proportion of workers eligible to work remotely varies by region of the state. In Western Maryland, 25.5 percent of private sector workers can work remotely.⁵ In contrast, 34.8 percent of workers in Central Maryland and 35.1 percent of workers in the Washington DC suburbs can work remotely.

Figure 12: Percent of Private-Sector Workers Eligible to Work Remotely



Source: Jonathan Dingel and Brent Neiman, National Bureau of Economic Research; Maryland Department of Commerce

The increase in remote work presents an opportunity for Western Maryland, among other regions of the state. If workers do not need to make a daily commute, or any commute at all, they may choose to move to an area with a lower cost of living and high quality of life. As such, Western Maryland is well positioned to take advantage of a potential influx of new residents. Policies designed to increase housing supplies, high-speed internet access, high-quality quality parks and other outdoor recreation spaces, and vibrant downtown and community spaces will help ensure that the region is able to benefit from a potential increase in new residents who work remotely.

4.0 Preliminary Recommendations

After reviewing information on Western Maryland’s current economic situation, discussing ongoing efforts and priorities with representatives from state agencies, and conducting

⁵ This calculation is based on 2019 QCEW data and telework eligibility definitions at the 3-digit NAICS code level from a June 2020 paper by Jonathan Dingel and Brent Neiman available at: <https://bfi.uchicago.edu/working-paper/how-many-jobs-can-be-done-at-home/>



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conversations with other stakeholders, members of the task force drafted recommendations on ways to improve Western Maryland’s economy. In total, members discussed 31 recommendations which were then consolidated into a final list of 14 recommendations. Task force members voted on the full package of recommendations twice: Once during a task force meeting on January 7, 2021 and a second time during a task force meeting on January 20, 2021. The votes of each member are presented in Figure 13 below.

Figure 13: Votes on Full Package of Recommendations by Task Force Members

Task Force Member	Vote During 1/7/21 Meeting	Vote During 1/20/21 Meeting
Senator George Edwards	In Favor	In Favor
Delegate Jason Buckel	In Favor	<i>Absent</i>
Jody Sprinkle	In Favor	In Favor
Cort Meinelschmidt	In Favor	<i>Absent</i>
Shelley McIntire	In Favor	In Favor
Al Delia	In Favor	In Favor
Jake Shade	<i>Absent</i>	<i>Absent</i>
Stu Czapski	In Favor	In Favor
Nicole Christian	In Favor	In Favor
Paul Frey	In Favor	In Favor
Andrew Sargent	Abstain	Abstain

4.1 The Creation of the Western Maryland Economic Future Investment Fund

The Task Force on the Economic Future of Western Maryland recommends legislation be introduced to create a new program to spur economic development in Western Maryland (Garrett, Allegany, and Washington Counties). The program, the Western Maryland Economic Future Investment Fund (WMEFIF) will be set up as follows:

- The WMEFIF will run for an initial pilot period of five years.
- Each fiscal year, the Governor will allocate \$20 million to fund the WMEFIF.
 - If any money remains unallocated at the end of the fiscal year, it is carried over and does not impact the budget allotment for the next fiscal year.
- The WMEFIF will receive oversight through an eleven-person board set up as follows:
 - One (1) representative from the Maryland Department of Commerce who will act as chair of the oversight body,
 - One (1) county commissioner from each county,
 - One (1) representative from an economic development organization in each county as appointed by the county’s commissioners,
 - One (1) representative from each county’s chamber of commerce, and
 - One (1) representative from the Maryland Municipal League that would represent the three counties.



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- The Tri County Council of Western Maryland will provide support staff to the WMEFIF board.
- Projects eligible for funding through the program will include:
 - Capital Infrastructure Projects:
 - Infrastructure projects must be linked to economic development as approved by the WMEFIF board.
 - The county the project is located in, another local entity, a private business, or a combination thereof must match 20% of the amount approved by the WMEFIF board.
 - Business Development Projects:
 - This category includes, but is not limited to, capital grants, funding for downtown/area revitalization, small business tourism grants, and other items not related to capital infrastructure and as approved by the WMEFIF board.
 - The county the project is located in, another local entity, a private business, or a combination thereof must match 10% of the amount approved by the WMEFIF board.
- To receive funding, projects must lead to improved economic conditions in Western Maryland. This may be shown through metrics delineated in the legislation and implemented by the oversight board that include, but are not limited to:
 - Created/retained jobs,
 - Number of new/retained businesses,
 - Increased wages, or
 - New state and local tax revenue.
- Each county or other local entity within the three county area will present potential projects to the WMEFIF board and the board will vote on whether to approve each project.
- Each year, the WMEFIF board shall generate an annual report that details:
 - The number of new projects funded that year by county;
 - The number of completed projects that year by county;
 - The number of ongoing projects by county;
 - For each project, the amount of funding provided by the WMEFIF;
 - For each project, relevant economic metrics; and
 - For each project, the progress made or outstanding.
- If the WMEFIF board determines that insufficient progress has been made after a project receives funding, or that a project did not sufficiently deliver on its promises, the board will be able to claw back the award.



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- For any given project, The WMEFIF does not replace existing funding opportunities from other state programs. Instead, the WMEFIF serves to enhance existing economic development opportunities and resources in the region.

4.2 Revisions to the Maryland Innovation Initiative

TEDCO operates the Maryland Innovation Initiative (MII) that promotes the commercialization of research occurring at Maryland's five research universities:

1. Johns Hopkins University;
2. Morgan State University;
3. University of Maryland, Baltimore;
4. University of Maryland, Baltimore County (UMBC); and
5. University of Maryland, College Park.

Since the program's inception in fiscal year 2013, MII has awarded 252 grants and 74 investments across a diverse range of industries such as life sciences, engineering, and information technology. Companies supported by MII have found success, and 57 percent of MII companies raise follow-on funding within two years.

Although the program has been successful, it is currently limited by statute to the state's five research universities. Expanding MII to additional universities could allow for enhanced economic development opportunities across Maryland.

To this end, the Task Force on the Economic Future of Western Maryland recommends legislation be introduced to establish a pilot expansion of MII at Frostburg State University, located in Allegany County. A pilot program would work as follows:

- For FY 2023 and FY 2024, the Governor shall include an appropriation of \$500,000 for the pilot program.
 - This funding shall be used to supplement, not supplant, any funds that would otherwise be provided to MII.
- Frostburg State University shall pay an annual contribution of \$50,000 in FY 2023 and FY 2024.
- To be eligible for funding under the pilot program, a project must:
 1. Support the creation of a new technology-based business in Maryland;
 2. Advance technology toward commercialization of a product or service;
 3. Foster entrepreneurial development at Frostburg State University;
 4. Create an opportunity for meaningful economic impact in the region around Frostburg State University; or
 5. Foster collaborations between the university and an industry partner and must include:
 - Product development with commercialization potential; and



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- Matching funds provided by the industry partner.
- TEDCO will provide the General Assembly with a report on or before July 1, 2024 summarizing the implementation of the pilot program at Frostburg State University.

4.3 Enhancements to the Maryland E-Innovation Initiative Fund

The Maryland E-Innovation Initiative Fund (MEIF) is currently administered by the Maryland Department of Commerce. The program is designed to encourage research endowments at Maryland's colleges and universities. Through MEIF, the state provides matching funds to funding that institutions of higher education have secured from private sources in support of research endowments. The program has had considerable success. In fiscal year 2019, the state awarded eight Maryland colleges and universities a total of \$95 million in matching funding and in fiscal year 2020, the state awarded six institutions \$8.5 million in matching funds. While the program has made an impact, mandated funding is currently set to expire at the end of fiscal year 2021. Additionally, smaller colleges and universities have encountered challenges in providing matching funds. The Task Force on the Economic Future of Western Maryland recommends that legislation be introduced to extend the mandated funding period beyond fiscal year 2021. If legislation to extend mandated funding is introduced, the task force recommends that legislation be amended so that institutions with an annual unrestricted current funds budget of less than \$250 million only need to obtain a qualifying donation, pledge, or combination of donations and pledges of \$200,000 instead of the current level of \$500,000.

4.4 Public Private Partnerships on State Land

Western Maryland's parks and campgrounds are a crucial component of the region's tourism industry. Ensuring that these resources are well maintained is essential to ensuring that more visitors come to the region. The Task Force on the Economic Future of Western Maryland recommends that the Maryland Department of Natural Resources (DNR) explore a public-private partnership within one of Western Maryland's parks or campgrounds. Through this partnership, DNR would lease one property to a private partner. The private partner would operate, maintain, and expand existing facilities at the property with the approval of DNR. This arrangement would yield a new revenue stream to the state as well as ensure that the region's tourism industry continues to thrive.

4.5 Turn State-Owned Land Over to Counties for Economic Development

The State of Maryland owns a substantial amount of land in Washington, Allegany, and Garrett counties. The State of Maryland can leverage this ownership to encourage economic development across Western Maryland while still preserving the region's natural resources and splendor. The Task Force on the Economic Future of Western Maryland recommends that the State of Maryland work with each county in the region to identify key parcels of land that counties can use for critical business development projects. For these parcels, the task force recommends that the state and counties identify ways for this land to be turned over to the counties. Examples of potential key parcels include:



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- An 800+ acre parcel in Garrett County at the intersection of 219N and I-68 in Grantsville. This parcel could be the site of a successful business park due to its access to quality transportation in the region if the site were turned over to Garrett County.
- Land within Rocky Gap State Park in Allegany County that could be developed by private businesses to enhance the park's offerings.

4.6 Allocate Additional Funding to Maintain State-Owned Lakes

The State of Maryland owns 16 lakes, many of which are located in Western Maryland. These lakes are economic engines, generating hundreds of millions of dollars in economic impact each year and in many cases supporting a substantial property tax base along the lake shores. Maintaining these lakes ensures the longevity of these resources for the localities that depend on them. As such, the Task Force on the Economic Future of Western Maryland recommends that the Governor add an additional line item of \$3 million per year to the Maryland Department of Natural Resources' budget in order to maintain state-owned lakes. This funding should not supplant existing funding going to the Maryland Department of Natural Resources.

4.7 Support enactment of the Maryland Technology Infrastructure Pilot Program

The Task Force on the Economic Future of Western Maryland recommends that legislation be passed to establish a pilot program within TEDCO to:

- 1) Support the innovation economy by incentivizing the development of advanced industry infrastructure and resources that build on the existing strengths of Western Maryland's economy; and
- 2) Support the growth of and incentivize the attraction and retention of early-stage innovation-based businesses in Western Maryland through the creation of supporting infrastructure and resources.

This pilot program would be overseen by the Maryland Technology Infrastructure Authority which would consist of the following members:

- 1) Two members appointed by the Governor that are entrepreneurs or business owners in Western Maryland;
- 2) The president of the Frostburg State University, or the president's designee;
- 3) The president of a community college located in the Western Maryland, or the president's designee, appointed by the Maryland Association of Community Colleges; and
- 4) The executive director of the corporation; or the executive director's designee.

TEDCO, through the pilot program and based on recommendations from the Authority, would make awards for the following purposes:

- 1) support large-scale infrastructure or resource projects in Western Maryland to attract talent, foster collaboration, and enable concentration and growth of advanced industries;



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- 2) Foster public-private collaborations to encourage development of shared infrastructure and resources; and
- 3) Support talent development initiatives that address critical skill shortage areas in industries critical to growth in Western Maryland.

Financial awards (which may be made to public or private entities in the State including institutions of higher education) will not exceed one third of the total cost of a project or \$500,000 per project. Priority for the award of any financial assistance shall be given to those projects that are most likely to:

- 1) attract significant investment in the state;
- 2) result in significant company formation, expansion; or job creation; or
- 3) result in meaningful economic and employment development in Western Maryland.

TEDCO will provide the General Assembly with a report on or before July 1, 2024 summarizing the implementation of the pilot program and detailing recommendations on the expansion of the pilot program to a statewide program.

4.8 TEDCO's Rural Business Innovation Initiative (RBII)

TEDCO's Rural Business Innovation Initiative (RBII) assists start-up and small technology-based businesses in the rural areas of Maryland to advance the company to a higher level of success. The program offers professional ongoing mentoring and targeted funding at no cost to the company. Currently, TEDCO does not have specific state funding for this program. Despite the lack of dedicated funding, TEDCO allocates \$500,000 from their operating funds to provide the network assistance and for a small pre-seed investment fund. While the program receives relatively limited funding, the investments to date show great promise as 87 percent of funded companies are still in operation.

The Task Force on the Economic Future of Western Maryland recommends that the Governor include an appropriation of \$500,000 to fund the RBII, and that this funding be used to supplement, not supplant existing TEDCO funding.

4.9 Support Tax Credits and Programs Designed to Allow Maryland's Tourism Industry to Recover from COVID-19

Maryland's tourism industry has faced unprecedented challenges in the wake of COVID-19. The industry is critical to the economies of all of Maryland's regions and Western Maryland is no exception. The Task Force on the Economic Future of Western Maryland supports the following legislation and recommends both items be passed during the 2021 legislative session:

- SB 64 - Unemployment Insurance - Earned Rating Record - Waiver of Benefit Charges Due to COVID-19 - to ensure unemployment insurance rates do not rise for companies that were forced to layoff workers during the pandemic and



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- Legislation to enact the ‘Explore Maryland Tax Credit,’ which would incentivize more Maryland residents to travel and support businesses hardest hit during the current economic downturn.

4.10 Support Tax Credits That Encourage Additional Market-Rate Housing in Western Maryland

The Task Force on the Economic Future of Western Maryland recommends that the Governor establish tax credits that would incentivize the construction or renovation of properties to increase the supply of market-rate housing in Western Maryland. In order to attract and retain the necessary workforce to power the industries and companies of Western Maryland’s future, the region needs to ensure a sufficient supply of housing is available for workers. If not, otherwise successful businesses in Western Maryland may leave for an area where it is easier to attract and retain a talented workforce.

4.11 Support Small Business Participation in Association Health Plans

The Task Force on the Economic Future of Western Maryland notes that legislation has been submitted during prior legislative sessions to amend the Maryland Healthcare Access Act of 2018 to remove language prohibiting small businesses from including their owners, employees, and family as part of the larger pool of employees in an Association Health Plan. If legislation on this topic is introduced during the 2021 legislative session, the Task Force on the Economic Future of Western Maryland recommends that it be passed.

4.12 Redefine the meaning of Qualifying Biomass and a Thermal Biomass System

The Task Force on the Economic Future of Western Maryland supports efforts to amend Maryland’s Renewable Portfolio Standard (RPS) so that:

1. The definition of ‘qualifying biomass’ is updated to include wood products, including mill residues, silvicultural products, and natural wood wastes.
2. The definition of a ‘thermal biomass system’ be updated to include qualifying biomass.

These two changes will support Maryland’s transition to green energy as well as support Western Maryland’s robust forestry industry. If legislation is introduced during the 2021 legislative session, the Task Force on the Economic Future of Western Maryland supports its passage.

4.13 Encourage the State of Maryland to Identify Priority Trail System Opportunities for Advancement in Western Maryland

Trail systems, whether hiking trails, rails-to-trails paths, or multi-use networks are a critical component of Western Maryland’s tourism ecosystem. The Task Force on the Economic Future of Western Maryland recommends that the Maryland Department of Natural Resources, the Maryland Department of Transportation, and the Maryland Department of Commerce work closely with each county in the region to identify priority trail systems to create or to enhance.



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To the extent that counties already have identified key projects, the task force recommends that Maryland’s state agencies work aggressively to ensure projects are completed.

4.14 A Bill to Extend the Activities of the Task Force on the Economic Future of Western Maryland

The Task Force on the Economic Future of Western Maryland recommends legislation be introduced to extend the Task Force on the Economic Future of Western Maryland through October 1, 2021 with a final report due on or before October 1, 2021.

5.0 Conclusion and Next Steps

This interim report summarizes the work, findings, and recommendations of the Task Force on the Economic Future of Western Maryland from inception through January 2021. Western Maryland’s economy stands at a crossroads. With support from policymakers across the state, Western Maryland can reposition itself as an economic engine of the state and the broader region, competing successfully with areas of West Virginia, Pennsylvania, and Virginia. To this end, passage of legislation described in Section 4 during the 2021 legislative session will help ensure a vibrant economic future. The task force recognizes that increasing economic vitality in Garrett, Allegany, and Washington counties is not a short-term process. At present, the task force hopes to convene additional meetings with area stakeholders through the fall with a final report summarizing additional data, discussions, and policy recommendations.



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Appendix A – Text of Statute Establishing Task Force

Chapter 207⁶

(House Bill 436)

AN ACT concerning

Task Force on the Economic Future of Western Maryland

FOR the purpose of establishing the Task Force on the Economic Future of Western Maryland; specifying the membership of the Task Force; providing for the appointment of a Senate cochair and House cochair of the Task Force; providing for the staffing of the Task Force; prohibiting a member of the Task Force from receiving certain compensation, but authorizing the reimbursement of certain expenses; requiring the Task Force to study, consider, and make recommendations regarding certain matters; requiring the Task Force to report its findings and recommendations to the Governor and the General Assembly on or before a certain date; providing for the termination of this Act; and generally relating to the Task Force on the Economic Future of Western Maryland.

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That:

- a) There is a Task Force on the Economic Future of Western Maryland.
- b) The Task Force consists of the following members:
 - 1) one member of the Senate of Maryland who is a member of the Western Maryland Delegation, appointed by the President of the Senate;
 - 2) one member of the House of Delegates who is a member of the Western Maryland Delegation, appointed by the Speaker of the House;
 - 3) the Secretary of Commerce, or the Secretary's designee;
 - 4) the Executive Director of the Maryland Technology Development Corporation, or the Executive Director's designee;
 - 5) one county elected official serving in Allegany County, Garrett County, or Washington County, appointed by the Maryland Association of Counties;
 - 6) one municipal elected official serving in Allegany County, Garrett County, or Washington County, appointed by the Maryland Municipal League;
 - 7) a representative of Frostburg State University who has relevant experience in economics, economic development, or business, appointed by the President of Frostburg State University;
 - 8) a representative of the Tri-County Council for Western Maryland, appointed by the Board of Directors of the Council;

⁶ The most recent text of the statute is available at the following link:
http://mgaleg.maryland.gov/2020RS/Chapters_noIn/CH_207_hb0436t.pdf



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- 9) one representative of the business community, appointed by the Allegany County Chamber of Commerce;
 - 10) one representative of the business community, appointed by the Garrett County Chamber of Commerce; and
 - 11) one representative of the business community, appointed by the Washington County Chamber of Commerce.
- c) (1) The President of the Senate shall designate one of the members appointed from the Senate as cochair of the Task Force.
- (2) The Speaker of the House shall designate one of the members appointed from the House of Delegates as cochair of the Task Force.
- d) The Department of Commerce shall provide staff for the Task Force.
- e) A member of the Task Force:
- 1) may not receive compensation as a member of the Task Force; but
 - 2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.
- f) The Task Force shall:
- 1) study the current economic conditions of Western Maryland; and make recommendations regarding potential methods for the improvement of the economies of Allegany County, Garrett County, and Washington County, including:
 - i. opportunities to expand economic activity in technology–based industry, including biotechnology, cybersecurity, energy and energy storage, transportation and logistics, and advanced manufacturing;
 - ii. opportunities to strengthen tourism–related businesses in Western Maryland; and
 - iii. strategies to overcome barriers to the creation and expansion of new small businesses in Western Maryland.
- g) On or before January 1, 2021, the Task Force shall report its findings and recommendations to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020. It shall remain effective for a period of 1 year and, at the end of June 30, 2021, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 8, 2020.



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Appendix B – Meeting Minutes

This appendix contains the meeting minutes as voted on and approved by task force members for each of the seven meetings held prior to the finalization of this interim report.

B.1 September 23, 2020 Meeting Minutes

Task Force Members in Attendance:

Senator George Edwards, *Co-Chair*

Delegate Jason Buckel, *Co-Chair*

Jody Sprinkle, *Director, Government Relations, TEDCO*

Shelley McIntire, *Hagerstown City Council Member, MML*

Al Delia, *Vice President for Economic and Regional Engagement, Frostburg State University*

Jake Shade, *Allegany County Commissioner and TCCWM Board Member*

Stu Czapski, *Executive Director, Allegany County Chamber of Commerce*

Nicole Christian, *President and CEO, Garrett County Chamber of Commerce*

Paul Frey, *President and CEO, Washington County Chamber of Commerce*

Andrew Sargent, *Sr. Business Development Representative, Western MD, Maryland Department of Commerce*

Task Force Staff in Attendance:

Michael Siers, *Economist, Maryland Department of Commerce*

I. Call to Order/Welcome and introductions

a. Remarks by the Co-Chairs

Senator Edwards and Delegate Buckel welcomed members of the task force as well as members of the public.

II. Review of the purpose for the task force

a. Review statute and expectations

The co-chairs discussed the current state of the region. Senator Edwards noted that the region is hurting, and that the goal of the task force is to gather a number of stakeholders together to focus in on meaningful ways to improve the region. Delegate Buckel noted that all of the counties are unique, though they have many common characteristics, such as the importance of natural resources to the region. In addition to supporting the use of natural resources, the aim of this body is to develop a wish list of recommendations that both recognize the unique strengths of each county as well as work well as a coherent regional strategy.

The co-chairs noted that one hope for recommendations will be developing new industries in the region, such as cybersecurity and other industries specifically



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highlighted in the statute. Senator Edwards noted the strengths of Western Maryland's education system and noted the need for infrastructure improvements to roads, water, and sewer, among others, as means to attract new businesses to the region. The co-chairs mentioned a desire to hear from site selectors as part of the task force's meetings.

b. Discuss Open Meetings Act

The co-chairs reviewed the Open Meetings Act with the members, including the fact that all meetings will be open to the public and that meeting minutes will be made public for each meeting.

III. Timeline for the task force

Senator Edwards noted that the original timeline for a final report is January 1, 2021. While this is still a goal, COVID-19 has made the situation more complicated. As such, it may be the case that a set of draft ideas is prepared by the end of the calendar year with a final report on those ideas prepared in the spring. The goal is to be able to use recommendations from this task force in the next legislative session, so too much of an extension could impact that goal.

IV. Preliminary data on current economic conditions in Western Maryland

a. Overview of current data and findings

Michael Siers, staff for the task force, presented on Western Maryland's current economic conditions and implications of this data for the development of recommendations. The presentation touched on a number of topics, including:

- Trends in population over the prior decade;
- Broad strategies to help minimize population loss;
- Economic data, including changes in employment, the number of businesses, how employment varies by county, wage levels, and the region's recent response to COVID-19;
- An analysis of the region's industries with a competitive advantage, and how competitive the region is for industries mentioned in the statute establishing the task force;
- How the rise of remote work may impact population trends in Western Maryland; and
- Key questions to consider as the task force develops recommendations.

b. Discussion of research, potential extensions of the research, and implications of the findings

Members indicated they would like to focus on many different strategies to develop the region's economy. Members wondered if the Maryland Department of Commerce could play a role in encouraging more businesses to locate in



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Western Maryland. Emphasizing the region's great education and need for new infrastructure were noted.

V. Discussion of initial recommendations

One of the major concerns raised was regarding the availability of broadband in the area. Businesses are less likely to locate without access to high-speed internet. Additionally, while members, especially in Garrett County, have seen an increase in people permanently residing in what had been their vacation homes, this trend requires high-speed internet in order to continue.

VI. Proposed Workplan

a. *Plan for future meetings*

Members discussed that the next meeting should either be in early or late October. No date was settled on during the meeting. The co-chairs expressed hope that a future meeting could be held in person.

b. *Potential research topics*

Members emphasized that future meetings could focus on many of the industries already listed in each county's economic development plans. When examining these industries, hearing from site selectors would be preferable, as would a more detailed focus on the needs of those industries (e.g., infrastructure, workforce, supply chains, access to customers). One member suggested identifying successful case studies from areas similar to the region as a way to help develop recommendations.

VII. Closing Remarks/Adjournment



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B.2 October 26, 2020 Meeting Minutes

Task Force Members in Attendance:

Senator George Edwards, *Co-Chair*

Delegate Jason Buckel, *Co-Chair*

Jody Sprinkle, *Director, Government Relations, TEDCO*

Cort Meinelschmidt, *Washington County Commissioner, MACO*

Shelley McIntire, *Hagerstown City Council Member, MML*

Al Delia, *Vice President for Economic and Regional Engagement, Frostburg State University*

Paul Frey, *President and CEO, Washington County Chamber of Commerce*

Andrew Sargent, *Sr. Business Development Representative, Western MD, Maryland Department of Commerce*

Task Force Staff in Attendance:

Michael Siers, *Economist, Maryland Department of Commerce*

I. Call to Order

a. Remarks by the Co-Chairs

The co-chairs welcomed participants to the call. Senator Edwards noted that it was great to see so much interest from non-members of the task force. Senator Edwards also noted that the body should move relatively quickly so that some recommendations can be ready by the next legislative session. Delegate Buckel signaled that he was very interested in the presentations and in finding ways to get results for Western Maryland.

II. TEDCO presentation

Stephen Auvil (TEDCO's Executive Vice President) presented on behalf of TEDCO. Mr. Auvil's presentation provided a detailed overview of TEDCO's activities and the programs it supports. The presentation focused on TEDCO's three pillars: technology transfer, gateway services, and investments. During the presentation, Mr. Auvil mentioned the Maryland Innovation Initiative (MII) which works with five research institutions in the state (Johns Hopkins University; Morgan State University; University of Maryland, Baltimore; University of Maryland, Baltimore County; and University of Maryland, College Park). Senator Edwards asked Mr. Auvil if TEDCO partners with Frostburg. Mr. Auvil indicated that TEDCO has worked with Frostburg in the past and that Chuck Ernst with TEDCO works with Frostburg. Delegate Buckel asked Mr. Auvil how Frostburg could be added to the list of research institutions under the MII. Mr. Auvil indicated that the institutions are written into the program's statute and mentioned that TEDCO is interested in expanding the number of universities and colleges they partner with. Al Delia, of Frostburg State University, mentioned that because Frostburg does not have a Carnegie Classification of a Research I institution, it



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may not be added to the MII program. However, Mr. Delia mentioned that additional funding to the university could help support more faculty who conduct research. Mr. Delia indicated that this funding would likely need to be approved by the USM Board of Regents. Heather Gramm, of the Maryland Department of Commerce, asked Mr. Delia if the Department's Maryland E-Innovation Initiative Fund (MEIF) could help support Frostburg. The MEIF offers a state match to private funds raised to support research endowments; while the program has been successful, Ms. Gramm noted that the program is set to sunset. Finally, Paul Frey asked if TEDCO would partner with the new incubator at Hagerstown Community College and Mr. Auvil indicated that TEDCO would be interested.

III. Maryland Department of Commerce presentations

a. Business development

Jayson Knott of the Maryland Department of Commerce presented on business attraction efforts at the Maryland Department of Commerce. Mr. Knott highlighted that while business attraction is not a panacea, it does constitute a significant portion of what the Maryland Department of Commerce tracks. The Department is largely focused on two main constituencies: site selectors and corporate end users. Delegate Buckel asked about companies that have gotten credits through the More Jobs for Marylanders program in Western Maryland. Mr. Knott promised Delegate Buckel that the Department would provide relevant data. Senator Edwards asked how often the Department updates its portfolio of assets for each county. Mr. Knott replied that the Department is constantly updating its information to stay current and is in close contact with the regional representatives who have contacts with key local businesses as well.

b. Industry support

Heather Gramm and Andrew Sargent from the Maryland Department of Commerce presented on the Office of Strategic Industries and Entrepreneurship (OSIE) and the Office of Regional Growth and Retention. Ms. Gramm provided an overview of the OSIE including select initiatives that have been implemented in Western Maryland or might be of interest. These included a recent EDA grant that the Department is working on with the Maryland Department of Natural Resources (DNR) on forestry, the Maryland Manufacturing Extension Partnership, the Strategic Industry Grant Program, and the MEIF. Additionally, Ms. Gramm mentioned asset mapping efforts. Mr. Sargent provided an overview of the Office of Regional Growth and Retention, including his role and efforts in Western Maryland. Al Delia of Frostburg State University mentioned asset mapping efforts of defense contractors and wondered what information might be available to him for that. Mr. Siers mentioned that the Maryland Department of Commerce has produced a map of the Maryland defense industry available at marylanddefensenetwork.org.



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IV. Target industry overview

Michael Siers, staff for the task force, presented on key industries. During the prior meeting, Mr. Siers presented on key industries in the region and how industries identified in the statute were positioned in Western Maryland. Members were curious how these sectors overlapped with existing economic development plans by the three counties in the region. Mr. Siers' presentation indicated that there was substantial overlap in key sectors, both between the counties' economic development plans and the industries of interest identified in the statute.

V. Discussion of initial recommendations

This agenda item was skipped due to time constraints. Senator Edwards indicated that the next meeting should continue with information gathering but also contain time for considering initial recommendations.

VI. Next Steps

The co-chairs indicated that they would like the next meeting to be held ideally the week of November 16 or November 23. Members were asked to email Michael Siers with date preferences. Members also discussed potential topics for the next meeting. Topics included:

- Infrastructure at the county level,
- Funding priorities at the county level,
- Broadband access
- Incubators (including status and resources needed to be more successful).

Members were encouraged to email Michael Siers with additional topics for consideration.

VII. Closing Remarks/Adjournment

Senator Edwards asked if any members of the public wished to make public comments. None did. Senator Edwards and Delegate Buckel then thanked all participants for their time and concluded the meeting.



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B.3 November 16, 2020 Meeting Minutes

Task Force Members in Attendance:

- Senator George Edwards, *Co-Chair*
- Delegate Jason Buckel, *Co-Chair*
- Jody Sprinkle, *Director, Government Relations, TEDCO*
- Cort Meinelschmidt, *Washington County Commissioner, MACO*
- Shelley McIntire, *Hagerstown City Council Member, MML*
- Al Delia, *Vice President for Economic and Regional Engagement, Frostburg State University*
- Stu Czapski, *Economic Development Specialist, Cumberland Economic Development Corporation, Allegany County Chamber of Commerce*
- Nicole Christian, *President and CEO, Garrett County Chamber of Commerce*
- Andrew Sargent, *Sr. Business Development Representative, Western MD, Maryland Department of Commerce*

Task Force Staff in Attendance:

- Michael Siers, *Economist, Maryland Department of Commerce*

I. Call to Order

a. *Remarks by the Co-Chairs*

The co-chairs welcomed participants to the call. Senator Edwards noted that it was great to see so many participants at the meeting and noted that the end of the meeting would be open for public comment. Senator Edwards noted that each of the three counties was preparing a document on their county's priorities and that these would be sent to Michael Siers, staff for the task force. At present, the task force has received feedback from Garrett County. Delegate Buckel welcomed participants as well and commented on potentially finding ways to bring in new incentive programs and new industries to the region. Delegate Buckel also commented that the amount of state-owned land in Western Maryland reduced the counties' flexibility in designing economic development strategies.

b. *Approval of prior meeting minutes*

Meeting minutes were approved and no objections or edits were raised by members. Michael Siers noted that meeting minutes would be posted on the task force's website.

II. MDOT presentation

Scott Pomento and Matt Baker from MDOT presented to the task force. Scott Pomento noted that Western Maryland's level of organization and coordination is not typical for the state, and that the region should continue its strong relationship with the agency.



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Matt Baker ran through a number of active projects that MDOT is working on in each county. At the end of the presentation, Commissioner Meinelschmidt asked if MDOT could look into if it was possible for dump trucks to be routed over the I-81 bridge instead of smaller roads during construction. Scott Pomento said he would take that request back and follow up on it, noting that the agency has an excellent working relationship with their equivalents in West Virginia. Senator Edwards thanked the presenters and noted that infrastructure is a big part of economic development and wondered if the presenters could speak on efforts with 220 South. Delegate Buckel noted that a strong North-South corridor is one of Washington County's economic strengths, and that the 220 project would create a similar corridor west of the I-81 corridor which should bring economic development to the region. While Delegate Buckel noted that the project may take some time to establish, he requested MDOT come up with a deadline to develop a plan for what this corridor would look like. Scott Pomento said that MDOT will continue to stress the importance of the project. Finally, Senator Edwards noted that the recent announcement that Pennsylvania would devote more funding to expanding 219 is great news and wondered what Maryland's next steps were. Scott Pomento stated that Maryland's next steps are working with Pennsylvania to understand their plan and timing so that the states can be in lockstep once funding is approved.

III. MD DNR presentation

James McKittrick, Christy Bright, and Kenneth Jolly presented on behalf of the Maryland Department of Natural Resources. The presentation highlighted new developments in Western Maryland, including new trails and parkland. Additionally, the presentation highlighted economic impact figures showing the substantial direct economic impact from visitors to Maryland's parks as well as Maryland's forestry industry in the region. At the conclusion of the presentation, Delegate Buckel noted that Rocky Gap is a major state park located next to the casino, a driver of economic activity in the county. A few years ago, a company had been interested in potentially locating a facility within the park, but the process for locating on state land was difficult. Delegate Buckel wondered if there were ways to speed up this process. Christy Bright noted that the state is hoping to release an RFP shortly that would give businesses flexibility to talk about how they could use property in the park. James McKittrick noted that the RFP process would only be as successful as the businesses that participate. Senator Edwards commented on state owned property in the region and stated that the region has had a great working relationship with DNR. Senator Edwards wondered if DNR was looking into ways to increase investment in state parks through a public private partnership where the state leases the park to a private company. Senator Edwards also mentioned that Garrett County would be interested in purchasing property that is state parkland to develop into an economic development park. James McKittrick noted that the agency is in favor of public-private partnerships but the current procurement process is a limiting factor and that the agency was happy to continue working with local partners regarding the



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Chestnut Ridge property. Commissioner Meinelschmidt asked for more emphasis on the Civil War Rail Trail. Christy Bright noted that the agency is still working through some property concerns that may take time to resolve. Finally, James McKitrick commented that there are efforts underway to look at making wood-related energy be included in the Renewable Portfolio Standards (RPS), similar to how geothermal energy is. This could induce more economic activity in the region.

IV. DHCD presentation

Kenrick Gordon from DHCD presented to the task force on rural broadband. The Governor has funded rural broadband efforts, having appropriated \$2 million in FY 2019. In FY 2020, the office received \$11.68 million and was able to fund all applications it received, providing assistance to 11 different counties. In FY 2021, the office has an \$11.18 million budget. Kenrick Gordon also provided details on how the grant process works, including the procedure for providing matching funding.

V. Discussion of initial recommendations

Senator Edwards noted that each county would be submitting a list of priorities and focus issues to Michael Siers for review and dissemination. Once these lists are received, the lists should be broken down into groupings for state items, items that are split between state and local responsibilities, and items with local government responsibilities. This overall structure could help frame out the eventual report. Senator Edwards also noted an idea for a Western Maryland Economic Development Fund, that could be funded at \$15 million to \$25 million each year and would be used to fund priority projects in Western Maryland. Funds could be distributed by the Tri-County Council and the Maryland Department of Commerce or Department of Planning could provide agency support. In order to receive funding, Senator Edwards proposed that counties could put in 20% as a potential match amount. For a trial, the program could run for five years. Delegate Buckel commented that additional support from the state could help the region as it works to develop key industries that are of high priority for state policy makers. Delegate Buckel noted that the region is at a disadvantage because its competitors are not Washington DC or northern Virginia, but instead West Virginia and southern Pennsylvania. Policies such as a higher minimum wage and stricter energy regulations hurt the region's competitiveness, so additional support from the state would help.

VI. Next Steps

Delegate Buckel noted that this task force will likely take time to fully develop recommendations, especially in the midst of a pandemic. The task force should begin with "low hanging fruit" and then focus on bigger issues in the spring and summer, assuming the pandemic has subsided. Jody Sprinkle noted that in past groups she has worked on, hearing directly from businesses and other key stakeholders really helps define recommendations and priorities.



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The members agreed upon the following timeline:

- By November 20, the counties would send Michael Siers their lists of top priorities and focus issues.
- By December 1, task force members would send Michael Siers their recommendations.
- In early December, Michael Siers and the co-chairs would review and organize these recommendations.
- Around December 10 – 15, during the next task force meeting, the members would review the recommendations and comment on them and approve some of them for inclusion in an initial report.
- After the development of initial recommendations, the task force will continue to meet and focus on longer-term priorities, especially those that rely on working closely with regional stakeholders.

During the next meeting, Nicole Christian requested that a portion of the meeting touch on housing, as this has become a major issue in Garrett County.

VII. Public Comment

Mr. Chip Wood spoke regarding the Civil War Rail Trail and highlighted the importance of the trail for economic development in the region. Mr. Wood noted several documents supporting the rail trail's importance that had been provided to Senator Edwards and Commissioner Meinelschmidt. The two task force members indicated they would pass these documents to Michael Siers so they could be distributed to other members of the task force. Mr. Wood also mentioned a local engineering firm that could potentially help with verifying deeds. Michael Siers mentioned he would pass that information along to the representatives from DNR.

VIII. Closing Remarks/Adjournment



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B.4 December 14, 2020 Meeting Minutes

Task Force Members in Attendance:

- Senator George Edwards, *Co-Chair*
- Delegate Jason Buckel, *Co-Chair*
- Jody Sprinkle, *Director, Government Relations, TEDCO*
- Cort Meinelschmidt, *Washington County Commissioner, MACO*
- Shelley McIntire, *Hagerstown City Council Member, MML*
- Al Delia, *Vice President for Economic and Regional Engagement, Frostburg State University*
- Stu Czapski, *Economic Development Specialist, Cumberland Economic Development Corporation, Allegany County Chamber of Commerce*
- Nicole Christian, *President and CEO, Garrett County Chamber of Commerce*
- Paul Frey, *President and CEO, Washington County Chamber of Commerce*
- Andrew Sargent, *Sr. Business Development Representative, Western MD, Maryland Department of Commerce*

Task Force Staff in Attendance:

- Michael Siers, *Economist, Maryland Department of Commerce*

I. Call to Order

a. *Remarks by the Co-Chairs*

The co-chairs welcomed members and the public to the meeting. Senator Edwards said that the body should begin to zero in on what is most important. Senator Edwards recognized the recommendations task force members submitted in advance of the meeting and said he wondered if we could consolidate some together. Delegate Buckel noted that the body should focus on pulling some recommendations into legislation and then in the spring and summer the body can continue to focus on other items, as well as talking with other stakeholders in the region. Delegate Buckel noted that this coming legislative session will be unique and it may be difficult to pass a lot of legislation, and so the body should focus on its top priorities. Senator Edwards mentioned that perhaps the body should develop a strategic plan for submitting its priorities.

b. *Approval of prior meeting minutes*

The minutes from the November 16 meeting were approved with no objections.

II. Discussion of initial recommendations



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- TF-1 - TF-6:
 - Senator Edwards gave a quick overview of TF-1 and several of the similar ideas submitted by task force members. Delegate Buckel noted that he was very supportive of the ideas that came in around a “Western Maryland Economic Future Investment Fund.” Delegate Buckel said he thought further discussion should be framed around the funding amount, the timeframe, oversight, and the purpose. For the funding amount, Delegate Buckel agreed with TF-1 and TF-3 that the amount should be \$20 million each year. Delegate Buckel also liked the idea of a five-year pilot program in TF-1, TF-2, and TF-3. Delegate Buckel stressed that he wanted clear purposes assigned to the fund so that it was not used as or viewed as a “slush fund.” Instead, Delegate Buckel said the body should find a way to structure the purpose towards economic growth so that it does not limit other options from Annapolis. Conversation moved to discussing which body would have oversight of the potential pilot program. Senator Edwards suggested the Tri-County Council for Western Maryland or Department of Commerce. Delegate Buckel worried if the Tri-County Council had enough staff to handle administering the amount of funding being proposed. Cort Meinelschmidt recommended the Revolving Loan Fund (RLF) because they are already focused on working with businesses. This helps structure the program and make it potentially not so broad. On the purpose of the program, Senator Edwards said that he liked many of the categories contained in TF-3, but that he worried that setting strict percentages might limit the funding unnecessarily. Al Delia agreed with this, saying that priorities in the future may change. Al Delia stated that the body should identify definitive metrics to tie to the program, such as expanding economic opportunities (e.g., jobs, tax revenue, etc). Al Delia also suggested claw backs if a project does not meet the requirements. This would make it so that the most viable options are the ones that receive funding. Delegate Buckel agreed, saying that the most crucial thing is that all of the programs fall under economic creation/job creation and should be focused not on sustaining the status quo but improving upon it. Senator Edwards asked about the proposed match amount. TF-1 suggested a 20% match while TF-3 has a 10% match. Senator Edwards wanted a higher match so that counties feel more invested in outcomes. Cort Meinelschmidt worried that a high match percentage may discourage poorer counties from applying for some items, especially for projects like PEP grants. Senator Edwards suggested a two-tier program of 20% and 10% by purpose. Jody Sprinkle suggested that a short-term solution could be to adding money to an existing program, such as MEDAAF, but restricting the funding to only go to Western Maryland. Delegate Buckel agreed this could be a fallback. Senator Edwards said his concern with that approach would be someone from outside of Western Maryland making the decision on behalf of the counties and that he wanted the local stakeholders to be as involved as possible.



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- TF-7 and TF-8: Jody Sprinkle noted that TEDCO has MII and by statute it is limited to five research institutions. The thought behind TF-7 and TF-8 would be to create a pilot program to expand MII to Frostburg not necessarily for tech transfer but to find other ways to get universities to partner with businesses (though there could be entrepreneurship opportunities as well). Al Delia noted that MII currently is designed to incentivize spinout of businesses, but that smaller institutions could not necessarily do that. Instead, through partnering with businesses, the program could “spin in” innovation. Delegate Buckel said he was very happy to see this recommendation and asked if Jody Sprinkle and Al Delia could draft more specific language that could be submitted to DLS. Jody Sprinkle also noted that supplemental funding would need to be proposed for this to work.
- TF-9: Al Delia noted that for smaller universities the amount of the match is more difficult to get, so TF-9 would make it easier for smaller institutions such as Frostburg to participate.
- TF-10: Al Delia summarized the recommendation and noted that he did not have specific sectors in mind and that it may be better to identify different key sectors for different counties. Cort Meinelschmidt noted that this recommendation could be a part of the pilot program discussed in TF-1 through TF-6. Delegate Buckel agreed and proposed that perhaps each county could designate 2 key industries each. However, Delegate Buckel noted that he would not want a tax credit to come out of the \$20 million funding amount and there may need to be a way to put it on top of existing funds. Senator Edwards asked if there was a way to expand existing tax credits to apply more in Western Maryland as part of TF-10.
- TF-11: Al Delia provided an overview of the recommendation. Senator Edwards suggested that this could work with one park as a pilot. Any expansions, renovations, etc would be paid for by the person leasing the park but they could then realize a greater revenue stream. This could be a way to help the state earn some money and aid with staff shortages.
- TF-12: Jody Sprinkle gave an overview of the recommendation and noted that it is based off of legislation from 2020. Jody Sprinkle recommended that amendments to the bill focus on Western Maryland. Delegate Buckel said he thought it made sense and asked that if the Hogan administration resubmits bills that he and Senator Edwards be notified so that they can coordinate on submitting friendly amendments.
- TF-13: Jody Sprinkle gave an overview of the recommendation. Delegate Buckel said that if this recommendation came from the task force the body would need to identify funding. Jody Sprinkle agreed that funding was needed for this priority.



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- TF-14: Jody Sprinkle noted that the incubators are in need of upgrading. Delegate Buckel wondered if the body could identify a limited funding stream for improving some of the incubators in the region.
- TF-15 through TF-19: Nicole Christian gave an overview of recommendations she submitted. Delegate Buckel noted that on TF-16, on middle housing, a bill was in the General Assembly last year, but got transferred to the Environment and Transportation Committee. Delegate Buckel stated that he would support a bill on this if one comes to his committee. Delegate Buckel also voiced support for TF-15, on a tourism tax credit. Delegate Buckel noted that the bill may get more support if it is a bipartisan effort. Nicole Christian noted that there had been some bipartisan discussions around this. Senator Edwards noted that there may be a way to combine TF-18 on lakes with TF-11 on Public Private Partnerships.
- G-1 through G-10: Senator Edwards noted that many of these items would fall under projects that would be funded/enacted under the pilot program discussed in TF-1 through TF-6.
- P-1: Senator Edwards noted that this item is a big item for Western Maryland's forestry sector.
- P-2: Senator Edwards, Cort Meinelschmidt, and Delegate Buckel all voiced support for the rail trail. Chip Wood, a member of the public who submitted the recommendation, urged task force members to review items he emailed to Michael Siers.

III. Next Steps

Task Force members agreed that at least one more meeting was needed prior to approving recommendations. Michael Siers agreed to coordinate with task force members on a time to meet between December 21 and December 23. Afterwards, the task force would meet next in early January.

IV. Closing Remarks/Adjournment

The co-chairs adjourned the meeting.



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B.5 December 22, 2020 Meeting Minutes

Task Force Members in Attendance:

- Senator George Edwards, *Co-Chair*
- Jody Sprinkle, *Director, Government Relations, TEDCO*
- Cort Meinelschmidt, *Washington County Commissioner, MACO*
- Shelley McIntire, *Hagerstown City Council Member, MML*
- Al Delia, *Vice President for Economic and Regional Engagement, Frostburg State University*
- Stu Czapski, *Economic Development Specialist, Cumberland Economic Development Corporation, Allegany County Chamber of Commerce*
- Paul Frey, *President and CEO, Washington County Chamber of Commerce*
- Andrew Sargent, *Sr. Business Development Representative, Western MD, Maryland Department of Commerce*

Task Force Staff in Attendance:

- Michael Siers, *Economist, Maryland Department of Commerce*

I. Call to Order

a. *Remarks by the Co-Chairs*

Senator Edwards welcomed task force members and the public to the meeting and noted that he believed the task force should be able to have preliminary recommendations together and approved by early January.

b. *Approval of prior meeting minutes*

The meeting minutes were approved with no objections.

II. Discussion of initial recommendations

- TF-1 through TF-6; TF-10:
 - Discussion of the potential Western Maryland Economic Future Investment Fund focused on a number of outstanding questions from previous meetings.
 - How much money should be allocated to the program?
 - Senator Edwards recommended that \$20 million be set aside each year. Al Delia agreed with this.
 - How long should the pilot program extend for?
 - Senator Edwards suggested a pilot period of five years. Al Delia agreed with Senator Edwards.
 - What percentage of funds should be matched by local jurisdictions?
 - Senator Edwards noted that in the previous meeting, discussion had moved towards a 20% match for infrastructure/capital-



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related projects and a 10% match for all other items. Senator Edwards suggested that this section not be written overly restrictive. Cort Meinelschmidt asked if the body should list out items that fall under the 10% match for other economic development options. Al Delia indicated that these match amounts made sense

- What types of projects will receive funding?
 - Cort Meinelschmidt recommended that a percentage or range be applied for some of the options. Cort Meinelschmidt noted that one large infrastructure spending project has the potential to use all or most of the funding, and this would leave limited funds for other important economic development projects. Senator Edwards said he believed the categories should be simple to allow fund managers to have more flexibility to make funding decisions. Al Delia agreed with Senator Edwards and said that prescribing percentages or ranges may not be effective. Al Delia noted that the local board should make decisions and said that if projects are targeted towards specific industry sectors, that might solve the issue with potential infrastructure projects. Senator Edwards suggested that infrastructure projects should be closely linked with economic development to qualify, but that the oversight board would be in the best position to know what would qualify as economic development. Cort Meinelschmidt suggested that the two names for the eligible categories be “economic development infrastructure projects” and “business development.” Jody Sprinkle suggested that each project should be consistent with the county’s existing economic development plan in order to be funded.
- What metrics should define if a project is eligible for funding?
 - Senator Edwards suggested job creation and retention should be included. Cort Meinelschmidt agreed and suggested businesses impacted and new tax revenue. Senator Edwards suggested that the final selection of metrics could be left to the oversight board, but that each county should prepare an annual report describing the county’s progress on each project and all relevant metrics. This report could go to the Maryland Department of Commerce.
- How should oversight of the program work?
 - Senator Edwards suggested that the oversight committee could be made up of three representatives from each county (one representative from tourism, one county commissioner, and one economic development representative) as well as one representative/chair from the Maryland Department of



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Commerce. This would allow for equal representation from each county and not allow the final approval projects to come from outside Western Maryland. Cort Meinelschmidt noted that the Revolving Loan Fund is part of the Tri County Council and already has established relationships with businesses. Cort Meinelschmidt suggested the chambers of commerce have a role in the oversight body. Senator Edwards agreed and suggested a representative from a county's chamber of commerce replace the proposed tourism representative. Cort Meinelschmidt agreed with this as well as with the Maryland Department of Commerce chairing the committee. Senator Edwards suggested that the Tri County Council could provide staff to the board since each county already provides staff to the Tri County Council. Senator Edwards noted that the oversight body would likely need some state-level administration and that the Department of Commerce may be the most appropriate agency for this. James Hinebaugh suggested that a legal representative of either the Department of Commerce or the Tri County Council sit in on meetings.

- Should the amount of funding per county be predetermined?
 - Senator Edwards suggested that amounts per county should not be predetermined, but that this decision should be left up to the oversight body.
- Should there be claw backs if projects do not succeed?
 - Al Delia suggested that clawbacks only apply to business development projects. For infrastructure, clawbacks should only occur if no work is completed. Cort Meinelschmidt agreed but believed that there should be latitude for a company's best effort. That is, a company should not have its grant clawed back if it attempts to meet its obligations. Senator Edwards asked Al Delia and Cort Meinelschmidt to send Michael Siers wording on clawbacks.
- Should the task force consider a short-term alternative program?
 - Members suggested that a short-term alternative should not be considered at this time.
- How should the tax credit in TF-10 work/fit in with the pilot program?
 - Al Delia suggested that the tax credit be targeted towards specific industries and that each county could set its own targets. Andrew Sargent noted that there are already tax credit programs in place that cover most target industries. Senator Edwards suggested that this piece be put on hold for the time being.



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- Should nonprofits qualify to receive funding?
 - Al Delia suggested that nonprofits should qualify since many nonprofits conduct economic development activities (e.g., incubators, universities attracting companies). Senator Edwards asked if this could be left to the discretion of the oversight board.
- TF-7 and TF-8:
 - Jody Sprinkle gave an overview of potential legislation that could support TF-7 and TF-8. Al Delia noted that language may be needed to explain how this is different from similar existing projects. Jody Sprinkle said she would develop some language on this.
- TF-9:
 - Mary Clapsaddle with Frostburg State noted that the top priority for Frostburg State with this recommendation would be for the veto on legislation from TF-9 be overridden. Once the veto is overridden programmatic changes could be discussed/finalized. Senator Edwards asked that Mary Clapsaddle develop proposed language that would alter the existing program and to send to Michael Siers.
- TF-11:
 - Senator Edwards stated that the body should recommend the idea of a public-private partnership, but not specify a specific park. Senator Edwards noted that this idea is different from potential discussions regarding the Rocky Gap Day Use Area as it would relate to an entire park. Cort Meinelschmidt suggested that the task force could recommend that the state vigorously pursue this idea.
- TF-12:
 - Jody Sprinkle said that she was not aware of similar bills being introduced at this time. Senator Edwards suggested that the Task Force recommend this be looked at and approved of.
- TF-13:
 - Jody Sprinkle said that there was no specific line item in the budget for this recommendation at this time. Senator Edwards asked if this recommendation could be expanded to include language where TEDCO receives a royalty on products developed by a company until the investment is paid back. Jody Sprinkle said she was unsure, as TEDCO would not want to inhibit a company's growth, but that she would put thought to it. Senator Edwards suggested that if language could be developed that it be sent to Michael Siers; otherwise the task force can add a recommendation supporting TF-13 broadly.
- TF-14:
 - Jody Sprinkle suggested that this recommendation not be included in the list of preliminary recommendations and that it instead be discussed in the spring. Senator Edwards agreed.



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- TF-15:
 - Senator Edwards agreed with the need but noted difficulties in the task force drafting/proposing a bill on this. Senator Edwards suggested the task force draft a letter highlighting tourism's importance on the region and noting the body would appreciate consideration of incentive packages to help the industry recover. Cort Meinelschmidt agreed that the body should be supporting the tourism industry and noted the difficulties businesses may find in adjusting to changes in their UI rating due to no fault of their own. Cort Meinelschmidt said he would find what MACO, NFIB, and others are doing and send to Michael Siers.
- TF-16:
 - Stu Czapski noted that this is a major issue and should be expanded to include housing construction, not just rentals. Stu Czapski noted that the region does not have an abundance of turnkey housing, but instead has older housing in need on renovations/investment. Senator Edwards asked if this could fit under the pilot program. Cort Meinelschmidt noted that it may not qualify because once a house is built there would not be continued job creation.
- TF-17:
 - Cort Meinelschmidt suggested that the body draft a letter of support for this recommendation.
- TF-18:
 - Senator Edwards stated this recommendation could be included in a letter to the governor. Cort Meinelschmidt agreed that this was an important recommendation.
- TF-19:
 - Cort Meinelschmidt suggested that this be included with TF-1. Senator Edwards agreed.
- P-1:
 - Senator Edwards agreed with the recommendation and said he also supported asking the state to consider adding biomass to power new state facilities. Senator Edwards suggested that the task force draft a letter of support on this item and stressed the importance of the forestry industry in Western Maryland.
- P-2:
 - Senator Edwards noted that each county has their own trail advisory board and that it may be better to suggest that DNR, MDOT, and other agencies work with these bodies to identify promising trail system opportunities for advancement. Cort Meinelschmidt agreed that this is a worthwhile project and provided background on delays to the project's implementation thus far. Chip Wood noted that some of the delays with the project could potentially be resolved relatively cheaply through grant



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funding and suggested the Maryland Department of Commerce be brought in on any discussions. Senator Edwards agreed with adding the Department of Commerce. Senator Edwards stated that he was concerned the recommendation may not be as effective if it singles out one project as opposed to taking a more regional approach and asking the state to fund priority projects. Cort Meinelschmidt agreed with this.

- Items from Garrett County were discussed and it was noted that the items generally constitute projects that would be funded by the pilot program in TF-1.

III. Next Steps

Senator Edwards asked Michael Siers to begin drafting a letter identifying the task force's recommendations to send to the governor. Michael Siers will also redefine the recommendations and condense them down. The next meeting will take place in the first full week of January.

IV. Closing Remarks/Adjournment

The meeting was adjourned.



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B.6 January 7, 2021 Meeting Minutes

Task Force Members in Attendance:

- Senator George Edwards, *Co-Chair*
- Delegate Jason Buckel, *Co-Chair*
- Jody Sprinkle, *Director, Government Relations, TEDCO*
- Cort Meinelschmidt, *Washington County Commissioner, MACO*
- Shelley McIntire, *Hagerstown City Council Member, MML*
- Al Delia, *Vice President for Economic and Regional Engagement, Frostburg State University*
- Stu Czapski, *Economic Development Specialist, Cumberland Economic Development Corporation, Allegany County Chamber of Commerce*
- Nicole Christian, *President and CEO, Garrett County Chamber of Commerce*
- Paul Frey, *President and CEO, Washington County Chamber of Commerce*
- Kelly Schulz, *Secretary, Maryland Department of Commerce*
- Andrew Sargent, *Sr. Business Development Representative, Western MD, Maryland Department of Commerce*

Task Force Staff in Attendance:

- Michael Siers, *Economist, Maryland Department of Commerce*

I. Call to Order

a. *Remarks by the Co-Chairs*

Senator Edwards welcomed attendees and said he was glad to see more attendees than for past meetings. Senator Edwards stressed that the task force recommendations should lead to positive outcomes for a region of the state that has been hit hard. Delegate Buckel noted that when the statute establishing the task force passed, the aim was to generate new ideas from a range of stakeholders. Delegate Buckel commented that COVID-19 has limited the ability to bring in a number of key stakeholders for in-person meetings, including private economic consultants, business representatives, economic development representatives, and more. Delegate Buckel indicated he would like the task force to be extended so that more stakeholders can be included in the conversations. Senator Edwards agreed with this. Delegate Buckel noted he hoped in-person meetings could begin in late-Spring with a final report being delivered in time for the 2022 legislative session.

b. *Approval of prior meeting minutes*

The meeting minutes from the December 22 meeting were voted on and no task force members dissented.



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II. Initial recommendations

Members of the task force reviewed a semi-final list of recommendations and made edits to these before voting on the full package of recommendations.

- TF-1:
 - Several members noted that the matching requirement language should be expanded to include local entities (e.g., cities) as well as counties. Additionally, the draft language was expanded so that local entities could also present projects to the oversight board directly, not just each county. Discussion then centered on how to provide cities with representation on the oversight board. Scott Nicewarner suggested that one representative from the Maryland Municipal League (MML) sit on the board, expanding it to eleven members. Shelley McIntire agreed that MML representation would be good. Senator Edwards asked how this one representative would be selected. Al Delia expressed concerns with expanding the board and worried that if the board becomes too segmented board members may be more incentivized to represent their specific constituencies rather than the whole of Western Maryland. Scott Nicewarner noted that one MML representative would be sufficient and that the representative could be from any one of the three counties. Senator Edwards suggested that the oversight board makeup be revised so that instead of a representative from ‘an economic development office’ from each county, a representative from ‘an economic development organization as appointed by the county’s commissioners’ be selected instead. Senator Edwards noted that the counties have different groups in charge of economic development. Delegate Buckel noted that the metrics outlined in the draft recommendation may need to be more specific. Delegate Buckel suggested that some of the goals should be set up ahead of time, as with existing economic development programs. Senator Edwards suggested that the \$20 million would be appropriated to the Maryland Department of Commerce and then the money would go to the board. When the board approves a project, the Department of Commerce could then provide signoff on projects and associated metrics. Secretary Schulz noted that the Maryland Department of Commerce has existing programs that could be utilized to fence off funding for Western Maryland as opposed to the development of a new program. Secretary Schulz noted that MEDAAF could be one such vehicle. Senator Edwards responded that his concern with using MEDAAF is that the goal is not to replace any funding that would be going to Western Maryland otherwise. Secretary Schulz stressed that the Department of Commerce is committed to doing everything in its power to bring economic vitality to all parts of the state. Secretary Schulz also noted that because many recommendations involved other state agencies, the Department of Commerce would be abstaining from any votes on recommendations so as not to vote on recommendations that would impact another state agency. Delegate Buckel suggested that the language regarding metrics note that rather than metrics be



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‘approved by the oversight board’ that metrics be ‘delineated in the legislation and implemented by the oversight board’ instead.

- TF-2:
 - Task force members were OK with the recommendation as drafted.
- TF-3:
 - Al Delia noted that the first priority with this recommendation is to extend the mandated funding and that the second priority is to make it easier for smaller institutions to match. Al Delia stated that the two should be done in tandem. Mary Clapsaddle noted she sent language on the match to Michael Siers that would make the threshold be based on the institution’s budget: if an institution’s budget is less than \$250 million, the match would be \$200,000 instead of \$500,000. This would impact a number of smaller institutions. Delegate Buckel stated that because this is an item that stimulates economic development statewide it may be best for the task force to support legislation that extends funding and to suggest that legislation be amended to include the budget caps mentioned by Mary Clapsaddle.
- TF-4:
 - Task force members were OK with the recommendation as drafted.
- TF-5:
 - Senator Edwards suggested that this recommendation be revised to include mention of Rocky Gap in Allegany County in addition to the parcel identified for Garrett County. Cort Meinelschmidt will look into if there is an appropriate example in Washington County to include. James McKittrick from the Maryland Department of Natural Resources noted that an RFP for a public-private partnership in Rocky Gap should be active.
- TF-6:
 - Task force members were OK with the recommendation as drafted.
- TF-7:
 - Jody Sprinkle indicated she did not believe the administration would be introducing a bill on the topic during the upcoming session. Delegate Buckel wondered if instead of a larger capital program for the state if this recommendation could be revised to cover a \$2 million incentive directed towards manufacturing projects located in Western Maryland. Jody Sprinkle, Senator Edwards, and Delegate Buckel will work on language to revise this recommendation accordingly.
- TF-8:
 - Task force members were OK with the recommendation as drafted, noting that no legislation would be needed.
- TF-9:
 - Cort Meinelschmidt noted that he had been trying to get ahold of NFIB and other representatives, but that a top priority would be holding harmless companies who had to lay off workers during the current crisis so that their unemployment



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insurance rates do not increase. Delegate Buckel noted that Governor Hogan had issued an executive order relating to this item. Nicole Christian indicated that the Governor had issued an executive order, but that the order expires at the end of the state of emergency. Currently, legislation is being drafted to extend the executive order beyond the state of emergency. Nicole Christian also drew attention to a tourism tax credit that is being proposed in upcoming legislation. Noting support from organizations across the state, Nicole Christian explained the broad outline of the Explore Maryland Tax Credit program. Cort Meinelschmidt suggested that the recommendation be revised to note the specific bill numbers once they have come out. Delegate Buckel agreed.

- TF-10:
 - Task force members were OK with the recommendation as drafted.
- TF-11:
 - Nicole Christian noted that the chamber has supported legislation on this topic for several years and that it will be resubmitted this session. Delegate Buckel indicated support but also noted he was unsure what the task force could accomplish specifically. Paul Frey asked if the recommendation should continue to be included or not among the task force's recommendations in that case. Delegate Buckel and Cort Meinelschmidt suggested that the recommendation note that if there is legislation proposed then the task force will support it.
- TF-12:
 - Senator Edwards noted that Senator Hershey may be submitting a bill on this matter. Delegate Buckel noted that he was concerned with the timing, given the shortened time to propose and prepare legislation during the upcoming legislative session. James McKittrick noted that at this time there was no House cross-file. Delegate Buckel asked to be connected with Senator Hershey on this item. Senator Edwards said he was fine with having the recommendation be edited to support Senator Hershey's bill if the bill still follows the suggestions present in TF-12.
- TF-13:
 - Task force members were OK with the recommendation as drafted.
- TF-14:
 - Task force members suggested that a new recommendation be officially drafted to extend the timeline of the task force through October 1, 2021.

After discussion on the items, task force members voted on the 14 recommendations as a single package. Votes by member are presented in the following table.



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Member	Vote
Senator George Edwards	In Favor
Delegate Jason Buckel	In Favor
Jody Sprinkle	In Favor
Cort Meinelschmidt	In Favor
Shelley McIntire	In Favor
Al Delia	In Favor
Jake Shade	<i>Absent</i>
Stu Czapski	In Favor
Nicole Christian	In Favor
Paul Frey	In Favor
Andrew Sargent	Abstain

III. Next Steps

Senator Edwards and Delegate Buckel noted that when legislation comes up for comment, the co-chairs will work with members to get comments and ensure they can participate. Senator Edwards also noted that they would like to get approval from the Governor and the Secretary of Commerce. Senator Edwards indicated that the task force should meet again shortly after the start of the next legislative session in order to review any outstanding items and coordinate if needed.

IV. Public Comment

Jill Thompson suggested that the phrase ‘tax credits’ in TF-10 be replaced with ‘economic incentives’ to reflect that there are a number of policy options that could lead to enhanced workforce housing.

V. Closing Remarks/Adjournment

The meeting was adjourned.



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B.7 January 20, 2021 Meeting Minutes

Task Force Members in Attendance:

- Senator George Edwards, *Co-Chair*
- Jody Sprinkle, *Director, Government Relations, TEDCO*
- Cort Meinelschmidt, *Washington County Commissioner, MACO*
- Shelley McIntire, *Hagerstown City Council Member, MML*
- Al Delia, *Vice President for Economic and Regional Engagement, Frostburg State University*
- Stu Czapski, *Economic Development Specialist, Cumberland Economic Development Corporation, Allegany County Chamber of Commerce*
- Nicole Christian, *President and CEO, Garrett County Chamber of Commerce*
- Paul Frey, *President and CEO, Washington County Chamber of Commerce*
- Kelly Schulz, *Secretary, Maryland Department of Commerce*
- Andrew Sargent, *Sr. Business Development Representative, Western MD, Maryland Department of Commerce*

Task Force Staff in Attendance:

- Michael Siers, *Economist, Maryland Department of Commerce*

I. Call to Order

a. Remarks by the Co-Chairs

Senator Edwards welcomed members and the public to the meeting. Senator Edwards noted that the co-chairs have begun drafting legislation to reflect many of the recommendations voted on and approved during the January 7 meeting.

b. Approval of prior meeting minutes

The meeting minutes were approved unanimously and no objections were raised.

II. Initial recommendations

Task force members reviewed a red-lined document reflecting all updates made to the initial recommendations during and after the January 7 meeting. Cort Meinelschmidt recommended that language in TF-1 be amended so that counties, local jurisdictions, private businesses, or a combination of the three could provide the matching funding, rather than any one single entity. Paul Frey and Senator Edwards agreed. Senator Edwards noted that he and Delegate Buckel had been working on legislation and would amend the draft legislation when it came back to reflect this change. Jody Sprinkle provided an overview of TF-7 which had been re-written since the last meeting to more specifically focus on Western Maryland. On TF-9, Nicole Christian noted legislation on the 'Explore Maryland Tax Credit' has been submitted, though the name is different. The bill, LR1585, is currently being drafted as the 'Credit for Travel, Hospitality, and



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Entertainment Expenses.’ Senator Edwards noted that some items from TF-9 are captured in the Governor’s budget. Given the fast moving nature of legislation naming and numbering, task force members decided to leave references as written and to update future reports/letters with necessary specificity at the time of creation. On TF-11, Nicole Christian mentioned that a bill has been drafted and is LR 2737 on the Senate side. Regarding TF-12, Senator Edwards noted that the task force had received comment from the public that a bill from Senator Hershey had not yet been submitted. Senator Edwards noted that the bill had been submitted and that Senator Hershey had confirmed that the language was very similar to the initial recommendation reviewed by the task force.

Task force members voted on the full package of recommendations and their votes during the meeting are recorded in the table below.

Task Force Member	Vote During 1/20/21 Meeting
Senator George Edwards	In Favor
Delegate Jason Buckel	<i>Absent during voting</i>
Jody Sprinkle	In Favor
Cort Meinelschmidt	<i>Absent during voting</i>
Shelley McIntire	In Favor
Al Delia	In Favor
Jake Shade	<i>Absent during voting</i>
Stu Czapski	In Favor
Nicole Christian	In Favor
Paul Frey	In Favor
Andrew Sargent	Abstain

III. Legislative Session Updates

Senator Edwards noted that the legislative session is underway and that bills are being drafted relating to TF-1, TF-2, TF-6 (2 bills have been drafted related to state-owned lakes), TF-7, TF-11, TF-12, and TF-14. Senator Edwards noted that as bills are drafted the co-chairs will work with other members of the task force and hope to have task force members testify in support of the various packages being proposed. Senator Edwards noted that several items will require letters of support and that those will be drafted as well. Paul Frey noted that rules for testifying have changed this year and that interested parties will need an account and be on a list 48 hours in advance.

IV. Next Steps

Michael Siers commented on the status of the interim report summarizing the task force’s work thus far and noted that it will be distributed to task force members shortly. The report will focus on both the recommendations as well as the economic overview of



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Western Maryland as presented on during the first two meetings of the task force. Senator Edwards mentioned that no date had been set for the next meeting, but that one may be scheduled with relatively short notice should the need arise during the legislative session. Michael Siers pointed members of the public to the task force's website and the legislative hearing schedule for more information; he also urged members of the public to contact him to be sure they were on the distribution list for upcoming meetings/public distribution of documents.

V. Public Comment

Regarding TF-13, Chip Wood asked if the three agencies specified in the report should work together or separately. Senator Edwards noted that the intent is to encourage each agency to work more closely with trail and recreation groups in each county, but not specifically be tied to the task force. Chip Wood asked if the Maryland Outdoor Recreation Economic Commission was still ongoing and if this recommendation could be accomplished in collaboration with the commission. Andrew Sargent commented that the commission has concluded and is no longer meeting. Chip Wood mentioned that he had done extensive background research on work completed on the Civil War Rail Trail thus far and could provide it to interested parties if it would be of interest. Senator Edwards said he believed any information would be helpful. Cort Meinelschmidt indicated that Chip Wood could send the information to him if he would like.

VI. Closing Remarks/Adjournment

Senator Edwards adjourned the meeting.